AMENDMENT NO. 451

At the request of Mr. BINGAMAN, his name was added as a cosponsor of amendment No. 451 proposed to S. 762, an original bill making supplemental appropriations to support Department of Defense operations in Iraq, Department of Homeland Security, and Related Efforts for the fiscal year ending September 30, 2003, and for other purposes.

AMENDMENT NO. 455

At the request of Mr. KOHL, the names of the Senator from Kansas (Mr. ROBERTS), the Senator from North Dakota (Mr. DORGAN), the Senator from Arkansas (Mrs. LINCOLN), the Senator from Minnesota (Mr. DAYTON), the Senator from Illinois (Mr. DURBIN), the Senator from South Dakota (Mr. DASCHLE), the Senator from Montana (Mr. BAUCUS), the Senator from Missouri (Mr. TALENT), the Senator from Kansas (Mr. BROWNBACK) and the Senator from Maryland (Ms. MIKULSKI) and the Senator from Ohio (Mr. DEWINE) were added as cosponsors of amendment No. 455 proposed to S. 762, an original bill making supplemental appropriations to support Department of Defense operations in Iraq, Department of Homeland Security, and Related Efforts for the fiscal year ending September 30, 2003, and for other purposes.

AMENDMENT NO. 459

At the request of Mr. BINGAMAN, his name was added as a cosponsor of amendment No. 459 proposed to S. 762, an original bill making supplemental appropriations to support Department of Defense operations in Iraq, Department of Homeland Security, and Related Efforts for the fiscal year ending September 30, 2003, and for other purposes.

AMENDMENT NO. 459

At the request of Mr. CORZINE, his name was added as a cosponsor of amendment No. 459 proposed to S. 762, supra.

AMENDMENT NO. 459

At the request of Mr. GRAHAM of Florida, the names of the Senator from Massachusetts (Mr. KENNEDY), the Senator from Vermont (Mr. JEFFORDS) and the Senator from Nebraska (Mr. NELSON) were added as cosponsors of amendment No. 459 proposed to S. 762, supra.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Ms. SNOWE:

S. 774. A bill to amend the Internal Revenue Code of 1986 to allow the use of completed contract method of accounting in the case of certain long-term naval vessel construction contracts; to the Committee on Finance.

Ms. SNOWE. Mr. President, I rise today to once again introduce legislation to simplify and restore fairness to the tax accounting rules under which our six major U.S. naval shipyards determine their tax liability on the naval ship contracts they are awarded by the Navy.

Quite simply, this legislation would permit naval shipyards to use a method of accounting under which shipbuilders would pay income taxes upon delivery of a ship rather than during construction. Under current law, profits must be estimated during the construction phases of the shipbuilding process and taxes must be paid on those estimated profits, a process known as the ''Percent of Completion Method'' of accounting.

The major shortcoming of this method is that shipbuilders must report progress payments as ''revenue'' rather than as a source of financing, which had been recognized and permitted for the 64 years between 1918 and 1982. Additionally, it creates a ''legal fiction'' of an ''interim profit,'' when in reality a profit or loss is not reasonably known until after a ship is completed. This places a financial burden on shipbuilders during the critical construction phase; reduces the resources available to invest in facilities and processes to reduce construction costs; places a burden on the cash flow management of the shipbuilder; and weakens the financial health of the defense shipbuilding industrial base.

The legislation being proposed would simply allow naval shipbuilders and their team members to use a modified ''Completed Contract Method'' of accounting, under which the shipbuilder would pay taxes when the ship is actually delivered to the Navy. In other words, the delivery of each ship would be treated as the completion of the contract for ''Completed Contract'' purposes, regardless of how many ships are built under a contract.

Prior to 1982, Federal law permitted shipbuilders to use this method but the law was changed due to abuses by Federal contractors in another sector, having absolutely nothing to do with shipbuilding. Moreover, non-government shipbuilding contracts are already allowed to use this method of accounting, and this legislation contains provisions designed to prevent the types of abuses witnessed in the past. Specifically, the bill would restrict shipyards from deferring tax payments for a period beyond the time it takes to build a single ship.

This bill would not reduce the amount of taxes ultimately paid by the shipbuilder. It simply would defer payment until the profit is actually known upon delivery of the ship. I believe that this is the most fair and most sensible accounting method. It is the method that naval shipbuilders employed in the past. It is the method which commercial builders are permitted to use to this day. This legislation has the strong support of the major shipyards that build for the Navy. As such, I strongly urge my colleagues to join me in a strong show of support for this effort.

By Mrs. FEINSTEIN:

S. 775. A bill to amend the Robert T. Stafford Disaster Relief and Emergency Assistance Act to make private, nonprofit medical facilities that serve industry-specific clients eligible for hazard mitigation and disaster assistance; to the Committee on Environment and Public Works.

Mrs. FEINSTEIN. Mr. President, I rise today to introduce a bill that would allow private, non-profit medical facilities which service industry-specific clients to be eligible for hazard mitigation and disaster assistance. Under the current law, institutions such as these are limited in their ability to receive the Federal funds needed for both preparedness and response in the case of emergencies.

In particular, I speak today of the Motion Picture & Television, MPTF, Hospital, located in the earthquake-prone San Fernando Valley. Set up more than 80 years ago to provide members of the entertainment industry with vital medical care and social services, the MPTF Hospital is the only institution of its kind in the United States.

With an acute care hospital, six outpatient facilities staffed with primary care physicians, a children's center, retirement facilities, and programs for the elderly, the MPTF Hospital provides comprehensive care for a significant sector of the population of the greater Los Angeles community. It is the only non-profit institution providing industry-specific health and human services to the entertainment industry and to the general public.

This legislation is important because in the aftermath of the Northridge Earthquake of 1994, considered one of the worst natural disasters in U.S. history, the MPTF Hospital was unable to receive federal assistance to repair structural and equipment damages suffered from the earthquake. Furthermore, that same year, the California Senate enacted legislation requiring all hospitals to be seismically retrofitted by 2010. The costs of both the reparations and structural upgrades are enormous, and the MPTF Hospital cannot receive federal funds because as an institution serving an industry-specific clientele, it does not qualify under the current definition of a ''private, nonprofit facility'' within the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988, Stafford Act.

To address this problem, this legislation broadens that definition to include tax-exempt facilities that provide medical services to specific occupational or industry segments of the general public.

Under this change, facilities such as the MPTF Hospital would have the opportunity to apply for federal assistance under the Stafford Act, alongside other private, nonprofit institutions.

There is no up-front cost stemming from this amendment to the Stafford Act. This bill simply puts the MPTF Hospital on equal footing with other critical care facilities when applying for Federal disaster assistance.

This legislation is timely and necessary. Hospitals such as the MPTF deserve an opportunity to apply for Federal funding, and desperately need this financial assistance in order to both meet California's 2010 deadline for seismic retrofitting and respond adequately to future disasters. I call on this body to enact this legislation promptly.

By Mr. CAMPBELL:

S. 776. A bill to amend chapters 83 and 84 of title 5, United States Code, to authorize payments to certain trusts under the Social Security Act, and for other purposes; to the Committee on Governmental Affairs.

Mr. CAMPBELL. Mr. President, today I am introducing legislation that would amend Title V of the United States Code. It authorizes the Office of Personnel Management, OPM, to make payments to a disability trust or a pooled trust which is set up for a disabled dependent of a Federal worker in a way that would allow him or her to continue to receive Medicaid benefits.

My bill would put disabled dependents of federal workers on a par with disabled dependents of those in the private sector. In 1993, Congress passed a statute allowing disabled persons to have trusts. And, in 1999, the Supplemental Security Income, SSI, statute was amended to conform with the basic Medicaid law. But, as current law is interpreted, these protective trusts cannot be set up for disabled dependents of federal workers in a way that allows them to keep their other benefits.

This oversight can cause devastating and confusing circumstances for disabled dependents and their guardians. In Colorado, Lisa Neikirk, a Downs Syndrome child, became entitled to a small civil service retirement annuity from her father when he died in 1994. This benefit in the amount of $310 per month was just high enough to push her off SSI and Medicaid and she lost her benefits at that time.

Because Congress had recently passed a Medicaid statute allowing disabled people to have trusts, Lisa's mother created a trust for her. However, the Social Security Administration took the position that OPM statutes do not permit Lisa's benefit to be assigned to a trust without negating her Medicaid benefits. The Social Security Administration accepts these trusts with other assets but the OPM statute preexisted the 1993 law and would not allow benefits to be assigned to these trusts without this change. Lisa's situation is only one of several such cases throughout the country.

The bill I am introducing would grant to OPM the discretion to pay a retirement annuity to a disability trust which is set up for a person in a way which would allow them to continue to receive Medicaid benefits. This policy change has been very carefully drafted so that it cannot be abused. It stipulates a trust that is qualified under Medicaid law and adheres to two Medicaid statutes.

I believe it is important that we better protect disabled children of Federal workers. We need to make it clear that disabled dependents of Federal workers are protected by laws that now protect people in the private sector. In today's uncertain world, I believe dependents of federal workers need all the protection that is available to them under the law. We must not let outdated federal statutes put federal workers and their dependents at a disadvantage.

This legislation provides another step toward making our laws fair for the disabled in our country. I urge my colleagues to support its passage.

I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objective, the bill was ordered to be printed in the RECORD, as follows:

S. 776

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. AUTHORIZATION OF CERTAIN PAYMENTS UNDER THE CIVIL SERVICE RETIREMENT SYSTEM AND THE FEDERAL EMPLOYEES RETIREMENT SYSTEM TO CERTAIN TRUSTS UNDER THE SOCIAL SECURITY ACT.

(a) CIVIL SERVICE RETIREMENT SYSTEM.—

(1) PAYMENTS.—Section 8345(e) of title 5, United States Code, is amended in the first sentence by inserting before the period ‘‘, or is a trustee under a trust meeting the requirements of subparagraph (A) or (C) of section 1917(d)(4) of the Social Security Act (42 U.S.C. 1396p(d)(4) (A) or (C))’’.

(2) ASSIGNABILITY OF PAYMENTS.—Section 8346(a) of title 5, United States Code, is amended by striking ‘‘except under’’ and inserting ‘‘except to a trust meeting the requirements of subparagraph (A) or (C) of section 1917(d)(4) of the Social Security Act (42 U.S.C. 1396p(d)(4) (A) or (C)) or under’’.

(b) FEDERAL EMPLOYEES RETIREMENT SYSTEM.—

(1) PAYMENTS.—Section 8466(c) of title 5, United States Code, is amended in the first sentence by inserting before the period ‘‘, or is a trustee under a trust meeting the requirements of subparagraph (A) or (C) of section 1917(d)(4) of the Social Security Act (42 U.S.C. 1396p(d)(4) (A) or (C))’’.

(2) ASSIGNABILITY OF PAYMENTS.—Section 8470(a) of title 5, United States Code, is amended by striking ‘‘except under’’ and inserting ‘‘except to a trust meeting the requirements of subparagraph (A) or (C) of section 1917(d)(4) of the Social Security Act (42 U.S.C. 1396p(d)(4) (A) or (C)) or under’’.

By Mr. INHOFE (for himself and Mr. BAUCUS):

S. 777. A bill to amend the impact aid program under the Elementary and Secondary Education Act of 1965 to improve the delivery of payments under the program to local educational agencies; to the Committee on Health, Education, Labor, and Pensions.

Mr. INHOFE. Mr. President, I rise today to introduce a bill to make the Impact Aid Program a Federal entitlement.

Impact Aid is one of the oldest Federal education programs, dating from the 1950's, and is meant to compensate a local school district for financial losses resulting from Federal properties or lands in that district. Congress met its obligation of fully funding Impact Aid until the 1970's. When the funding was cut in 1971, many districts that greatly depend on Impact Aid began to suffer. In the past few years, the Impact Aid payment formula has become increasingly complex, causing great funding disparities for the same types of students in different districts.

I have consistently supported increased appropriations for Impact Aid because it not only provides an essential revenue source for impacted districts, but it is also a Federal obligation. Often, close to 90 percent of a local school's funding is comprised of the local tax base. When the presence of the Federal Government in a community takes away from this tax base, we must compensate for this loss. When we do not fulfill our obligation by adequately funding Impact Aid, our children suffer the consequence such as lower test scores, lower attendance rates, crowded classrooms, and fewer and older facilities.

Although funding for Impact Aid has increased over the past few years, it still remains under-funded. Today, I am taking the first step to correct this inequity. My bill will require Congress to meet its duty to these children and schools that have been under-funded for so long. I urge my colleagues to join me in fulfilling our obligation by permanently fully funding the Impact Aid program.

Mr. BAUCUS. Mr. President, I rise today to join my friend and colleague Senator INHOFE in introducing a bill that will make a real difference in schools on or near military bases, Indian reservations, and other Federal lands. Our bill will make the Impact Aid Program a Federal entitlement.

We require public schools to accept all children from military families and tribal reservations. It is the right thing to do. But families in Federal housing or on reservations do not pay local property taxes, a traditional revenue source for school districts. While Impact Aid was designed to make up the difference, we have not met our obligation to public schools. Instead, we have let the Impact Aid Program fall prey to the annual appropriations process. This means that payments to Impact Aid schools are never guaranteed, are usually underfunded, and rarely arrive on time. In fact, Impact Aid has not been fully funded since the early 1980s. The result of this underfunding can been seen in Impact Aid schools in States across the country. Schools are cutting programs and staff, not buying new books and materials, and deferring maintenance on buildings to help cover classroom costs. As a result, schools like Hays Lodge Pole School in Montana cannot teach their students and maintain their school facility; in the last couple of years, the Hays Lodge Pole School has been susceptible to electrical fires and other structural hazards.

I am so proud of the students, teachers, and administrators that learn and work in our Impact Aid districts. They have gone above and beyond to make due with scant resources. In many cases, however, we have stretched school districts to the breaking point. We have an obligation to our schools and the students. We can and must do better than we have in the past.

The bill that Senator INHOFE and I are introducing today will make a difference. It requires the Federal Government to meet its obligation to these schools. As a result, districts will know when and how much they will receive. The guesswork will vanish, and school leaders will be able to focus on student achievement instead of budget games.

I recognize that creating a Federal entitlement program is not an easy task. But Impact Aid is not like other discretionary programs. It was set up to compensate school districts for the ''substantial and continuing financial burden resulting from Federal activities.'' It is not a program that supplements local programming. It is the only game in town, and when we do not meet our Federal obligation, there is no other program to pick up the slack. Other Federal education programs, such as title I, supplement insufficient local resources.

Importantly, Impact Aid is a Federal program that addresses Federal needs. Our bill recognizes that providing Impact Aid resources on time and in full helps federally impacted students learn and achieve. It also recognizes that Impact Aid funds are better spent in our schools than on plane tickets and expenses for Impact Aid officials to come to Washington to fight for dollars that they inherently deserve.

Finally, I want to say a little about my personal perspective on education. I honestly believe there is nothing more important than giving our children the best opportunities to succeed in life. That is a principle I hold very deeply. Nothing we can do for our children will make a bigger difference in their lives than giving them a solid education. Education provides greater advantages in the workplace, and greater personal enrichment; both of which lead to future personal and professional success. I have always believed that a quality public education system is not only the right of every child, but also the key to smart economic development. The investments we make in our education system today will provide our children with the skills and knowledge to be successful in the 21st century economy.

Our bill recognizes the importance of education and makes sure that our federally impacted school districts receive the money they deserve. More importantly, our bill makes sure that students in federally impacted schools will have an education that will prepare them for personal and professional success.

By Mr. HAGEL (for himself, Mr. ENSIGN, Mr. LUGAR, and Mr. INHOFE):

S. 778. A bill to amend title XVII of the Social Security Act to provide medicare beneficiaries with a drug discount card that ensure access to affordable prescription drugs; to the Committee on Finance.

Mr. HAGEL. Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 778

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Medicare Rx Drug Discount and Security Act of 2003''.

(b) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

SEC. 2. VOLUNTARY MEDICARE PRESCRIPTION DRUG DISCOUNT AND SECURITY PROGRAM.

(a) ESTABLISHMENT OF PROGRAM.—Title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) is amended—

(1) by redesignating part D as part E; and

(2) by inserting after part C the following new part:

''PART D—VOLUNTARY MEDICARE PRESCRIPTION DRUG DISCOUNT AND SECURITY PROGRAM

''DEFINITIONS

''SEC. 1860. In this part:

''(1) COVERED DRUG.—

''(A) IN GENERAL.—Except as provided in this paragraph, the term 'covered drug' means—

''(i) a drug that may be dispensed only upon a prescription and that is described in subparagraph (A)(i) or (A)(ii) of section 1927(k)(2); or

''(ii) a biological product described in clauses (i) through (iii) of subparagraph (B) of such section or insulin described in subparagraph (C) of such section,

and such term includes a vaccine licensed under section 351 of the Public Health Service Act and any use of a covered drug for a medically accepted indication (as defined in section 1927(k)(6)).

''(B) EXCLUSIONS.—

''(i) IN GENERAL.—Such term does not include drugs or classes of drugs, or their medical uses, which may be excluded from coverage or otherwise restricted under section 1927(d)(2), other than subparagraph (E) thereof (relating to smoking cessation agents), or under section 1927(d)(3).

''(ii) AVOIDANCE OF DUPLICATE COVERAGE.—A drug prescribed for an individual that would otherwise be a covered drug under this part shall not be so considered if payment for such drug is available under part A or B for an individual entitled to benefits under part A and enrolled under part B.

''(C) APPLICATION OF FORMULARY RESTRICTIONS.—A drug prescribed for an individual that would otherwise be a covered drug under this part shall not be so considered under a plan if the plan excludes the drug under a formulary and such exclusion is not successfully appealed under section 1860D(a)(4)(B).

''(D) APPLICATION OF GENERAL EXCLUSION PROVISIONS.—A prescription drug discount card plan or Medicare+Choice plan may exclude from qualified prescription drug coverage any covered drug—

''(i) for which payment would not be made if section 1862(a) applied to part D; or

''(ii) which are not prescribed in accordance with the plan or this part.

Such exclusions are determinations subject to reconsideration and appeal pursuant to section 1860D(a)(4).

''(2) ELIGIBLE BENEFICIARY.—The term 'eligible beneficiary' means an individual who is—

''(A) eligible for benefits under part A or enrolled under part B; and

''(B) not eligible for prescription drug coverage under a State plan under the medicaid program under title XIX.

''(3) ELIGIBLE ENTITY.—The term 'eligible entity' means any—

''(A) pharmaceutical benefit management company;

''(B) wholesale pharmacy delivery system;

''(C) retail pharmacy delivery system;

''(D) insurer (including any issuer of a medicare supplemental policy under section 1882);

''(E) Medicare+Choice organization;

''(F) State (in conjunction with a pharmaceutical benefit management company);

''(G) employer-sponsored plan;

''(H) other entity that the Secretary determines to be appropriate to provide benefits under this part; or

''(I) combination of the entities described in subparagraphs (A) through (H).

''(4) POVERTY LINE.—The term 'poverty line' means the income official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981) applicable to a family of the size involved.

''(5) SECRETARY.—The term 'Secretary' means the Secretary of Health and Human Services, acting through the Administrator of the Centers for Medicare & Medicaid Services.

''ESTABLISHMENT OF PROGRAM

''SEC. 1860A. (a) PROVISION OF BENEFIT.—The Secretary shall establish a Medicare Prescription Drug Discount and Security Program under which the Secretary endorses prescription drug card plans offered by eligible entities in which eligible beneficiaries

may voluntarily enroll and receive benefits under this part.

''(b) ENDORSEMENT OF PRESCRIPTION DRUG DISCOUNT CARD PLANS.—

''(1) IN GENERAL.—The Secretary shall endorse a prescription drug card plan offered by an eligible entity with a contract under this part if the eligible entity meets the requirements of this part with respect to that plan.

''(2) NATIONAL PLANS.—In addition to other types of plans, the Secretary may endorse national prescription drug plans under paragraph (1).

''(c) VOLUNTARY NATURE OF PROGRAM.—Nothing in this part shall be construed as requiring an eligible beneficiary to enroll in the program under this part.

''(d) FINANCING.—The costs of providing benefits under this part shall be payable from the Federal Supplementary Medical Insurance Trust Fund established under section 1841.

''ENROLLMENT

''SEC. 1860B. (a) ENROLLMENT UNDER PART D.—

''(1) ESTABLISHMENT OF PROCESS.—

''(A) IN GENERAL.—The Secretary shall establish a process through which an eligible beneficiary (including an eligible beneficiary enrolled in a Medicare+Choice plan offered by a Medicare+Choice organization) may make an election to enroll under this part. Except as otherwise provided in this subsection, such process shall be similar to the process for enrollment under part B under section 1837.

''(B) REQUIREMENT OF ENROLLMENT.—An eligible beneficiary must enroll under this part in order to be eligible to receive the benefits under this part.

''(2) ENROLLMENT PERIODS.—

''(A) IN GENERAL.—Except as provided in this paragraph, an eligible beneficiary may not enroll in the program under this part during any period after the beneficiary's initial enrollment period under part B (as determined under section 1837).

''(B) SPECIAL ENROLLMENT PERIOD.—In the case of eligible beneficiaries that have recently lost eligibility for prescription drug coverage under a State plan under the medicaid program under title XIX, the Secretary shall establish a special enrollment period in which such beneficiaries may enroll under this part.

''(C) OPEN ENROLLMENT PERIOD IN 2004 FOR CURRENT BENEFICIARIES.—The Secretary shall establish a period, which shall begin on the date on which the Secretary first begins to accept elections for enrollment under this part, during which any eligible beneficiary may—

''(i) enroll under this part; or

''(ii) enroll or reenroll under this part after having previously declined or terminated such enrollment.

''(3) PERIOD OF COVERAGE.—

''(A) IN GENERAL.—Except as provided in subparagraph (B) and subject to subparagraph (C), an eligible beneficiary's coverage under the program under this part shall be effective for the period provided under section 1838, as if that section applied to the program under this part.

''(B) ENROLLMENT DURING OPEN AND SPECIAL ENROLLMENT.—Subject to subparagraph (C), an eligible beneficiary who enrolls under the program under this part under subparagraph (B) or (C) of paragraph (2) shall be entitled to the benefits under this part beginning on the first day of the month following the month in which such enrollment occurs.

''(4) PART D COVERAGE TERMINATED BY TERMINATION OF COVERAGE UNDER PARTS A AND B OR ELIGIBILITY FOR MEDICAL ASSISTANCE.—

''(A) IN GENERAL.—In addition to the causes of termination specified in section 1838, the Secretary shall terminate an individual's coverage under this part if the individual is—

''(i) no longer enrolled in part A or B; or

''(ii) eligible for prescription drug coverage under a State plan under the medicaid program under title XIX.

''(B) EFFECTIVE DATE.—The termination described in subparagraph (A) shall be effective on the effective date of—

''(i) the termination of coverage under part A or (if later) under part B; or

''(ii) the coverage under title XIX.

''(b) ENROLLMENT WITH ELIGIBLE ENTITY.—

''(1) PROCESS.—The Secretary shall establish a process through which an eligible beneficiary who is enrolled under this part shall make an annual election to enroll in a prescription drug card plan offered by an eligible entity that has been awarded a contract under this part and serves the geographic area in which the beneficiary resides.

''(2) ELECTION PERIODS.—

''(A) IN GENERAL.—Except as provided in this paragraph, the election periods under this subsection shall be the same as the coverage election periods under the Medicare+Choice program under section 1851(e), including—

''(i) annual coordinated election periods; and

''(ii) special election periods.

In applying the last sentence of section 1851(e)(4) (relating to discontinuance of a Medicare+Choice election during the first year of eligibility) under this subparagraph, in the case of an election described in such section in which the individual had elected or is provided qualified prescription drug coverage at the time of such first enrollment, the individual shall be permitted to enroll in a prescription drug card plan under this part at the time of the election of coverage under the original fee-for-service plan.

''(B) INITIAL ELECTION PERIODS.—

''(i) INDIVIDUALS CURRENTLY COVERED.—In the case of an individual who is entitled to benefits under part A or enrolled under part B as of November 1, 2004, there shall be an initial election period of 6 months beginning on that date.

''(ii) INDIVIDUAL COVERED IN FUTURE.—In the case of an individual who is first entitled to benefits under part A or enrolled under part B after such date, there shall be an initial election period which is the same as the initial enrollment period under section 1837(d).

''(C) ADDITIONAL SPECIAL ELECTION PERIODS.—The Administrator shall establish special election periods—

''(i) in cases of individuals who have and involuntarily lose prescription drug coverage described in paragraph (3);

''(ii) in cases described in section 1837(h) (relating to errors in enrollment), in the same manner as such section applies to part B; and

''(iii) in the case of an individual who meets such exceptional conditions (including conditions provided under section 1851(e)(4)(D)) as the Secretary may provide.

''(D) ENROLLMENT WITH ONE PLAN ONLY.—The rules established under subparagraph (B) shall ensure that an eligible beneficiary may only enroll in 1 prescription drug card plan offered by an eligible entity per year.

''(3) MEDICARE+CHOICE ENROLLEES.—An eligible beneficiary who is enrolled under this part and enrolled in a Medicare+Choice plan offered by a Medicare+Choice organization must enroll in a prescription drug discount card plan offered by an eligible entity in order to receive benefits under this part. The beneficiary may elect to receive such benefits through the Medicare+Choice organization in which the beneficiary is enrolled if the organization has been awarded a contract under this part.

''(4) CONTINUOUS PRESCRIPTION DRUG COVERAGE.—An individual is considered for purposes of this part to be maintaining continuous prescription drug coverage on and after the date the individual first qualifies to elect prescription drug coverage under this part if the individual establishes that as of such date the individual is covered under any of the following prescription drug coverage and before the date that is the last day of the 63-day period that begins on the date of termination of the particular prescription drug coverage involved (regardless of whether the individual subsequently obtains any of the following prescription drug coverage):

''(A) COVERAGE UNDER PRESCRIPTION DRUG CARD PLAN OR MEDICARE+CHOICE PLAN.—Prescription drug coverage under a prescription drug card plan under this part or under a Medicare+Choice plan.

''(B) MEDICAID PRESCRIPTION DRUG COVERAGE.—Prescription drug coverage under a medicaid plan under title XIX, including through the Program of All-inclusive Care for the Elderly (PACE) under section 1934, through a social health maintenance organization (referred to in section 4104(c) of the Balanced Budget Act of 1997), or through a Medicare+Choice project that demonstrates the application of capitation payment rates for frail elderly medicare beneficiaries through the use of a interdisciplinary team and through the provision of primary care services to such beneficiaries by means of such a team at the nursing facility involved.

''(C) PRESCRIPTION DRUG COVERAGE UNDER GROUP HEALTH PLAN.—Any prescription drug coverage under a group health plan, including a health benefits plan under the Federal Employees Health Benefit Plan under chapter 89 of title 5, United States Code, and a qualified retiree prescription drug plan (as defined by the Secretary), but only if (subject to subparagraph (E)(ii)) the coverage provides benefits at least equivalent to the benefits under a prescription drug card plan under this part.

''(D) PRESCRIPTION DRUG COVERAGE UNDER CERTAIN MEDIGAP POLICIES.—Coverage under a medicare supplemental policy under section 1882 that provides benefits for prescription drugs (whether or not such coverage conforms to the standards for packages of benefits under section 1882(p)(1)) and if (subject to subparagraph (E)(ii)) the coverage provides benefits at least equivalent to the benefits under a prescription drug card plan under this part.

''(E) STATE PHARMACEUTICAL ASSISTANCE PROGRAM.—Coverage of prescription drugs under a State pharmaceutical assistance program, but only if (subject to subparagraph (E)(ii)) the coverage provides benefits at least equivalent to the benefits under a prescription drug card plan under this part.

''(F) VETERANS' COVERAGE OF PRESCRIPTION DRUGS.—Coverage of prescription drugs for veterans under chapter 17 of title 38, United States Code, but only if (subject to subparagraph (E)(ii)) the coverage provides benefits at least equivalent to the benefits under a prescription drug card plan under this part.

For purposes of carrying out this paragraph, the certifications of the type described in sections 2701(e) of the Public Health Service Act and in section 9801(e) of the Internal Revenue Code of 1986 shall also include a statement for the period of coverage of whether the individual involved had prescription drug coverage described in this paragraph.

''(5) COMPETITION.—Each eligible entity with a contract under this part shall compete for the enrollment of beneficiaries in a prescription drug card plan offered by the entity on the basis of discounts, formularies,

pharmacy networks, and other services provided for under the contract.

''PROVIDING ENROLLMENT AND COVERAGE INFORMATION TO BENEFICIARIES

''SEC. 1860C. (a) ACTIVITIES.—The Secretary shall provide for activities under this part to broadly disseminate information to eligible beneficiaries (and prospective eligible beneficiaries) regarding enrollment under this part and the prescription drug card plans offered by eligible entities with a contract under this part.

''(b) SPECIAL RULE FOR FIRST ENROLLMENT UNDER THE PROGRAM.—To the extent practicable, the activities described in subsection (a) shall ensure that eligible beneficiaries are provided with such information at least 60 days prior to the first enrollment period described in section 1860B(c).

''ENROLLEE PROTECTIONS

''SEC. 1860D. (a) REQUIREMENTS FOR ALL ELIGIBLE ENTITIES.—Each eligible entity shall meet the following requirements:

''(1) GUARANTEED ISSUANCE AND NONDISCRIMINATION.—

''(A) GUARANTEED ISSUANCE.—

''(i) IN GENERAL.—An eligible beneficiary who is eligible to enroll in a prescription drug card plan offered by an eligible entity under section 1860B(b) for prescription drug coverage under this part at a time during which elections are accepted under this part with respect to the coverage shall not be denied enrollment based on any health status-related factor (described in section 2702(a)(1) of the Public Health Service Act) or any other factor.

''(ii) MEDICARE+CHOICE LIMITATIONS PERMITTED.—The provisions of paragraphs (2) and (3) (other than subparagraph (C)(i), relating to default enrollment) of section 1851(g) (relating to priority and limitation on termination of election) shall apply to eligible entities under this subsection.

''(B) NONDISCRIMINATION.—An eligible entity offering prescription drug coverage under this part shall not establish a service area in a manner that would discriminate based on health or economic status of potential enrollees.

''(2) DISCLOSURE OF INFORMATION.—

''(A) INFORMATION.—

''(i) GENERAL INFORMATION.—Each eligible entity with a contract under this part to provide a prescription drug card plan shall disclose, in a clear, accurate, and standardized form to each eligible beneficiary enrolled in a prescription drug discount card program offered by such entity under this part at the time of enrollment and at least annually thereafter, the information described in section 1852(c)(1) relating to such prescription drug coverage.

''(ii) SPECIFIC INFORMATION.—In addition to the information described in clause (i), each eligible entity with a contract under this part shall disclose the following:

''(I) How enrollees will have access to covered drugs, including access to such drugs through pharmacy networks.

''(II) How any formulary used by the eligible entity functions.

''(III) Information on grievance and appeals procedures.

''(IV) Information on enrollment fees and prices charged to the enrollee for covered drugs.

''(V) Any other information that the Secretary determines is necessary to promote informed choices by eligible beneficiaries among eligible entities.

''(B) DISCLOSURE UPON REQUEST OF GENERAL COVERAGE, UTILIZATION, AND GRIEVANCE INFORMATION.—Upon request of an eligible beneficiary, the eligible entity shall provide the information described in paragraph (3) to such beneficiary.

''(C) RESPONSE TO BENEFICIARY QUESTIONS.—Each eligible entity offering a prescription drug discount card plan under this part shall have a mechanism for providing specific information to enrollees upon request. The entity shall make available, through an Internet website and, upon request, in writing, information on specific changes in its formulary.

''(3) GRIEVANCE MECHANISM, COVERAGE DETERMINATIONS, AND RECONSIDERATIONS.—

''(A) IN GENERAL.—With respect to the benefit under this part, each eligible entity offering a prescription drug discount card plan shall provide meaningful procedures for hearing and resolving grievances between the organization (including any entity or individual through which the eligible entity provides covered benefits) and enrollees with prescription drug card plans of the eligible entity under this part in accordance with section 1852(f).

''(B) APPLICATION OF COVERAGE DETERMINATION AND RECONSIDERATION PROVISIONS.—Each eligible entity shall meet the requirements of paragraphs (1) through (3) of section 1852(g) with respect to covered benefits under the prescription drug card plan it offers under this part in the same manner as such requirements apply to a Medicare+Choice organization with respect to benefits it offers under a Medicare+Choice plan under part C.

''(C) REQUEST FOR REVIEW OF TIERED FORMULARY DETERMINATIONS.—In the case of a prescription drug card plan offered by an eligible entity that provides for tiered cost-sharing for drugs included within a formulary and provides lower cost-sharing for preferred drugs included within the formulary, an individual who is enrolled in the plan may request coverage of a nonpreferred drug under the terms applicable for preferred drugs if the prescribing physician determines that the preferred drug for treatment of the same condition is not as effective for the individual or has adverse effects for the individual.

''(4) APPEALS.—

''(A) IN GENERAL.—Subject to subparagraph (B), each eligible entity offering a prescription drug card plan shall meet the requirements of paragraphs (4) and (5) of section 1852(g) with respect to drugs not included on any formulary in the same manner as such requirements apply to a Medicare+Choice organization with respect to benefits it offers under a Medicare+Choice plan under part C.

''(B) FORMULARY DETERMINATIONS.—An individual who is enrolled in a prescription drug card plan offered by an eligible entity may appeal to obtain coverage under this part for a covered drug that is not on a formulary of the eligible entity if the prescribing physician determines that the formulary drug for treatment of the same condition is not as effective for the individual or has adverse effects for the individual.

''(5) CONFIDENTIALITY AND ACCURACY OF ENROLLEE RECORDS.—Each eligible entity offering a prescription drug discount card plan shall meet the requirements of the Health Insurance Portability and Accountability Act of 1996.

''(b) ELIGIBLE ENTITIES OFFERING A DISCOUNT CARD PROGRAM.—If an eligible entity offers a discount card program under this part, in addition to the requirements under subsection (a), the entity shall meet the following requirements:

''(1) ACCESS TO COVERED BENEFITS.—

''(A) ASSURING PHARMACY ACCESS.—

''(i) IN GENERAL.—The eligible entity offering the prescription drug discount card plan shall secure the participation in its network of a sufficient number of pharmacies that dispense (other than by mail order) drugs directly to patients to ensure convenient access (as determined by the Secretary and including adequate emergency access) for enrolled beneficiaries, in accordance with standards established under section 1860D(a)(3) that ensure such convenient access.

''(ii) USE OF POINT-OF-SERVICE SYSTEM.—Each eligible entity offering a prescription drug discount card plan shall establish an optional point-of-service method of operation under which—

''(I) the plan provides access to any or all pharmacies that are not participating pharmacies in its network; and

''(II) discounts under the plan may not be available.

The additional copayments so charged shall not be counted as out-of-pocket expenses for purposes of section 1860F(b).

''(B) USE OF STANDARDIZED TECHNOLOGY.—

''(i) IN GENERAL.—Each eligible entity offering a prescription drug discount card plan shall issue (and reissue, as appropriate) such a card (or other technology) that may be used by an enrolled beneficiary to assure access to negotiated prices under section 1860F(a) for the purchase of prescription drugs for which coverage is not otherwise provided under the prescription drug discount card plan.

''(ii) STANDARDS.—The Secretary shall provide for the development of national standards relating to a standardized format for the card or other technology referred to in clause (i). Such standards shall be compatible with standards established under part C of title XI.

''(C) REQUIREMENTS ON DEVELOPMENT AND APPLICATION OF FORMULARIES.—If an eligible entity that offers a prescription drug discount card plan uses a formulary, the following requirements must be met:

''(i) PHARMACY AND THERAPEUTIC (P&T) COMMITTEE.—The eligible entity must establish a pharmacy and therapeutic committee that develops and reviews the formulary. Such committee shall include at least 1 physician and at least 1 pharmacist both with expertise in the care of elderly or disabled persons and a majority of its members shall consist of individuals who are a physician or a practicing pharmacist (or both).

''(ii) FORMULARY DEVELOPMENT.—In developing and reviewing the formulary, the committee shall base clinical decisions on the strength of scientific evidence and standards of practice, including assessing peer-reviewed medical literature, such as randomized clinical trials, pharmacoeconomic studies, outcomes research data, and such other information as the committee determines to be appropriate.

''(iii) INCLUSION OF DRUGS IN ALL THERAPEUTIC CATEGORIES.—The formulary must include drugs within each therapeutic category and class of covered drugs (although not necessarily for all drugs within such categories and classes).

''(iv) PROVIDER EDUCATION.—The committee shall establish policies and procedures to educate and inform health care providers concerning the formulary.

''(v) NOTICE BEFORE REMOVING DRUGS FROM FORMULARY.—Any removal of a drug from a formulary shall take effect only after appropriate notice is made available to beneficiaries and physicians.

''(vi) GRIEVANCES AND APPEALS RELATING TO APPLICATION OF FORMULARIES.—For provisions relating to grievances and appeals of coverage, see paragraphs (3) and (4) of section 1860D(a).

''(2) COST AND UTILIZATION MANAGEMENT; QUALITY ASSURANCE; MEDICATION THERAPY MANAGEMENT PROGRAM.—

''(A) IN GENERAL.—Each eligible entity offering a prescription drug discount card plan shall have in place with respect to covered drugs—

''(i) an effective cost and drug utilization management program, including medically appropriate incentives to use generic drugs and therapeutic interchange, when appropriate;

''(ii) quality assurance measures and systems to reduce medical errors and adverse drug interactions, including a medication therapy management program described in subparagraph (B); and

''(iii) a program to control fraud, abuse, and waste.

Nothing in this section shall be construed as impairing an eligible entity from applying cost management tools (including differential payments) under all methods of operation.

''(B) MEDICATION THERAPY MANAGEMENT PROGRAM.—

''(i) IN GENERAL.—A medication therapy management program described in this paragraph is a program of drug therapy management and medication administration that is designed to ensure, with respect to beneficiaries with chronic diseases (such as diabetes, asthma, hypertension, and congestive heart failure) or multiple prescriptions, that covered drugs under the prescription drug discount card plan are appropriately used to achieve therapeutic goals and reduce the risk of adverse events, including adverse drug interactions.

''(ii) ELEMENTS.—Such program may include—

''(I) enhanced beneficiary understanding of such appropriate use through beneficiary education, counseling, and other appropriate means;

''(II) increased beneficiary adherence with prescription medication regimens through medication refill reminders, special packaging, and other appropriate means; and

''(III) detection of patterns of overuse and underuse of prescription drugs.

''(iii) DEVELOPMENT OF PROGRAM IN COOPERATION WITH LICENSED PHARMACISTS.—The program shall be developed in cooperation with licensed pharmacists and physicians.

''(iv) CONSIDERATIONS IN PHARMACY FEES.—Each eligible entity offering a prescription drug discount card plan shall take into account, in establishing fees for pharmacists and others providing services under the medication therapy management program, the resources and time used in implementing the program.

''(C) TREATMENT OF ACCREDITATION.—Section 1852(e)(4) (relating to treatment of accreditation) shall apply to prescription drug discount card plans under this part with respect to the following requirements, in the same manner as they apply to Medicare+Choice plans under part C with respect to the requirements described in a clause of section 1852(e)(4)(B):

''(i) Paragraph (1) (including quality assurance), including any medication therapy management program under paragraph (2).

''(ii) Subsection (c)(1) (relating to access to covered benefits).

''(iii) Subsection (g) (relating to confidentiality and accuracy of enrollee records).

''(D) PUBLIC DISCLOSURE OF PHARMACEUTICAL PRICES FOR EQUIVALENT DRUGS.—Each eligible entity offering a prescription drug discount card plan shall provide that each pharmacy or other dispenser that arranges for the dispensing of a covered drug shall inform the beneficiary at the time of purchase of the drug of any differential between the price of the prescribed drug to the enrollee and the price of the lowest cost drug covered under the plan that is therapeutically equivalent and bioequivalent.

''ANNUAL ENROLLMENT FEE

''SEC. 1860E. (a) AMOUNT.—

''(1) IN GENERAL.—Except as provided in subsection (c), enrollment under the program under this part is conditioned upon payment of an annual enrollment fee of $25.

''(2) ANNUAL PERCENTAGE INCREASE.—

''(A) IN GENERAL.—In the case of any calendar year beginning after 2005, the dollar amount in paragraph (1) shall be increased by an amount equal to—

''(i) such dollar amount; multiplied by

''(ii) the inflation adjustment.

''(B) INFLATION ADJUSTMENT.—For purposes of subparagraph (A)(ii), the inflation adjustment for any calendar year is the percentage (if any) by which—

''(i) the average per capita aggregate expenditures for covered drugs in the United States for medicare beneficiaries, as determined by the Secretary for the 12-month period ending in July of the previous year; exceeds

''(ii) such aggregate expenditures for the 12-month period ending with July 2004.

''(C) ROUNDING.—If any increase determined under clause (ii) is not a multiple of $1, such increase shall be rounded to the nearest multiple of $1.

''(b) COLLECTION OF ANNUAL ENROLLMENT FEE.—

''(1) IN GENERAL.—Unless the eligible beneficiary makes an election under paragraph (2), the annual enrollment fee described in subsection (a) shall be collected and credited to the Federal Supplementary Medical Insurance Trust Fund in the same manner as the monthly premium determined under section 1839 is collected and credited to such Trust Fund under section 1840.

''(2) DIRECT PAYMENT.—An eligible beneficiary may elect to pay the annual enrollment fee directly or in any other manner approved by the Secretary. The Secretary shall establish procedures for making such an election.

''(c) WAIVER.—The Secretary shall waive the enrollment fee described in subsection (a) in the case of an eligible beneficiary whose income is below 200 percent of the poverty line.

''BENEFITS UNDER THE PROGRAM

''SEC. 1860F. (a) ACCESS TO NEGOTIATED PRICES.—

''(1) NEGOTIATED PRICES.—

''(A) IN GENERAL.—Subject to subparagraph (B), each prescription drug card plan offering a discount card program by an eligible entity with a contract under this part shall provide each eligible beneficiary enrolled in such plan with access to negotiated prices (including applicable discounts) for such prescription drugs as the eligible entity determines appropriate. Such discounts may include discounts for nonformulary drugs. If such a beneficiary becomes eligible for the catastrophic benefit under subsection (b), the negotiated prices (including applicable discounts) shall continue to be available to the beneficiary for those prescription drugs for which payment may not be made under section 1860H(b). For purposes of this subparagraph, the term 'prescription drugs' is not limited to covered drugs, but does not include any over-the-counter drug that is not a covered drug.

''(B) LIMITATIONS.—

''(i) FORMULARY RESTRICTIONS.—Insofar as an eligible entity with a contract under this part uses a formulary, the negotiated prices (including applicable discounts) for nonformulary drugs may differ.

''(ii) AVOIDANCE OF DUPLICATE COVERAGE.—The negotiated prices (including applicable discounts) for prescription drugs shall not be available for any drug prescribed for an eligible beneficiary if payment for the drug is available under part A or B (but such negotiated prices shall be available if payment under part A or B is not available because the beneficiary has not met the deductible or has exhausted benefits under part A or B).

''(2) DISCOUNT CARD.—The Secretary shall develop a uniform standard card format to be issued by each eligible entity offering a prescription drug discount card plan that shall be used by an enrolled beneficiary to ensure the access of such beneficiary to negotiated prices under paragraph (1).

''(3) ENSURING DISCOUNTS IN ALL AREAS.—The Secretary shall develop procedures that ensure that each eligible beneficiary that resides in an area where no prescription drug discount card plans are available is provided with access to negotiated prices for prescription drugs (including applicable discounts).

''(b) CATASTROPHIC BENEFIT.—

''(1) TEN PERCENT COST-SHARING.—Subject to any formulary used by the prescription drug discount card program in which the eligible beneficiary is enrolled, the catastrophic benefit shall provide benefits with cost-sharing that is equal to 10 percent of the negotiated price (taking into account any applicable discounts) of each drug dispensed to such beneficiary after the beneficiary has incurred costs (as described in paragraph (3)) for covered drugs in a year equal to the applicable annual out-of-pocket limit specified in paragraph (2).

''(2) ANNUAL OUT-OF-POCKET LIMITS.—For purposes of this part, the annual out-of-pocket limits specified in this paragraph are as follows:

''(A) BENEFICIARIES WITH ANNUAL INCOMES BELOW 200 PERCENT OF THE POVERTY LINE.—In the case of an eligible beneficiary whose income (as determined under section 1860I) is below 200 percent of the poverty line, the annual out-of-pocket limit is equal to $1,500.

''(B) BENEFICIARIES WITH ANNUAL INCOMES BETWEEN 200 AND 400 PERCENT OF THE POVERTY LINE.—In the case of an eligible beneficiary whose income (as so determined) equals or exceeds 200 percent, but does not exceed 400 percent, of the poverty line, the annual out-of-pocket limit is equal to $3,500.

''(C) BENEFICIARIES WITH ANNUAL INCOMES BETWEEN 400 AND 600 PERCENT OF THE POVERTY LINE.—In the case of an eligible beneficiary whose income (as so determined) equals or exceeds 400 percent, but does not exceed 600 percent, of the poverty line, the annual out-of-pocket limit is equal to $5,500.

''(D) BENEFICIARIES WITH ANNUAL INCOMES THAT EXCEED 600 PERCENT OF THE POVERTY LINE.—In the case of an eligible beneficiary whose income (as so determined) equals or exceeds 600 percent of the poverty line, the annual out-of-pocket limit is an amount equal to 20 percent of that beneficiary's income for that year (rounded to the nearest multiple of $1).

''(3) APPLICATION.—In applying paragraph (2), incurred costs shall only include those expenses for covered drugs that are incurred by the eligible beneficiary using a card approved by the Secretary under this part that are paid by that beneficiary and for which the beneficiary is not reimbursed (through insurance or otherwise) by another person.

''(4) ANNUAL PERCENTAGE INCREASE.—

''(A) IN GENERAL.—In the case of any calendar year after 2005, the dollar amounts in subparagraphs (A), (B), and (C) of paragraph (2) shall be increased by an amount equal to—

''(i) such dollar amount; multiplied by

''(ii) the inflation adjustment determined under section 1860E(a)(2)(B) for such calendar year.

''(B) ROUNDING.—If any increase determined under subparagraph (A) is not a multiple of $1, such increase shall be rounded to the nearest multiple of $1.

''(5) ELIGIBLE ENTITY NOT AT FINANCIAL RISK FOR CATASTROPHIC BENEFIT.—

''(A) IN GENERAL.—The Secretary, and not the eligible entity, shall be at financial risk for the provision of the catastrophic benefit under this subsection.

''(B) PROVISIONS RELATING TO PAYMENTS TO ELIGIBLE ENTITIES.—For provisions relating to payments to eligible entities for administering the catastrophic benefit under this subsection, see section 1860H.

''(6) ENSURING CATASTROPHIC BENEFIT IN ALL AREAS.—The Secretary shall develop procedures for the provision of the catastrophic benefit under this subsection to each eligible beneficiary that resides in an area where there are no prescription drug discount card plans offered that have been awarded a contract under this part.

''REQUIREMENTS FOR ENTITIES TO PROVIDE PRESCRIPTION DRUG COVERAGE

''SEC. 1860G. (a) ESTABLISHMENT OF BIDDING PROCESS.—The Secretary shall establish a process under which the Secretary accepts bids from eligible entities and awards contracts to the entities to provide the benefits under this part to eligible beneficiaries in an area.

''(b) SUBMISSION OF BIDS.—Each eligible entity desiring to enter into a contract under this part shall submit a bid to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may require.

''(c) ADMINISTRATIVE FEE BID.—

''(1) SUBMISSION.—For the bid described in subsection (b), each entity shall submit to the Secretary information regarding administration of the discount card and catastrophic benefit under this part.

''(2) BID SUBMISSION REQUIREMENTS.—

''(A) ADMINISTRATIVE FEE BID SUBMISSION.—In submitting bids, the entities shall include separate costs for administering the discount card component, if applicable, and the catastrophic benefit. The entity shall submit the administrative fee bid in a form and manner specified by the Secretary, and shall include a statement of projected enrollment and a separate statement of the projected administrative costs for at least the following functions:

''(i) Enrollment, including income eligibility determination.

''(ii) Claims processing.

''(iii) Quality assurance, including drug utilization review.

''(iv) Beneficiary and pharmacy customer service.

''(v) Coordination of benefits.

''(vi) Fraud and abuse prevention.

''(B) NEGOTIATED ADMINISTRATIVE FEE BID AMOUNTS.—The Secretary has the authority to negotiate regarding the bid amounts submitted. The Secretary may reject a bid if the Secretary determines it is not supported by the administrative cost information provided in the bid as specified in subparagraph (A).

''(C) PAYMENT TO PLANS BASED ON ADMINISTRATIVE FEE BID AMOUNTS.—The Secretary shall use the bid amounts to calculate a benchmark amount consisting of the enrollment-weighted average of all bids for each function and each class of entity. The class of entity is either a regional or national entity, or such other classes as the Secretary may determine to be appropriate. The functions are the discount card and catastrophic components. If an eligible entity's combined bid for both functions is above the combined benchmark within the entity's class for the functions, the eligible entity shall collect additional necessary revenue through 1 or both of the following:

''(i) Additional fees charged to the beneficiary, not to exceed $25 annually.

''(ii) Use of rebate amounts from drug manufacturers to defray administrative costs.

''(d) AWARDING OF CONTRACTS.—

''(1) IN GENERAL.—The Secretary shall, consistent with the requirements of this part and the goal of containing medicare program costs, award at least 2 contracts in each area, unless only 1 bidding entity meets the terms and conditions specified by the Secretary under paragraph (2).

''(2) TERMS AND CONDITIONS.—The Secretary shall not award a contract to an eligible entity under this section unless the Secretary finds that the eligible entity is in compliance with such terms and conditions as the Secretary shall specify.

''(3) REQUIREMENTS FOR ELIGIBLE ENTITIES PROVIDING DISCOUNT CARD PROGRAM.—Except as provided in subsection (e), in determining which of the eligible entities that submitted bids that meet the terms and conditions specified by the Secretary under paragraph (2) to award a contract, the Secretary shall consider whether the bid submitted by the entity meets at least the following requirements:

''(A) LEVEL OF SAVINGS TO MEDICARE BENEFICIARIES.—The program passes on to medicare beneficiaries who enroll in the program discounts on prescription drugs, including discounts negotiated with manufacturers.

''(B) PROHIBITION ON APPLICATION ONLY TO MAIL ORDER.—The program applies to drugs that are available other than solely through mail order and provides convenient access to retail pharmacies.

''(C) LEVEL OF BENEFICIARY SERVICES.—The program provides pharmaceutical support services, such as education and services to prevent adverse drug interactions.

''(D) ADEQUACY OF INFORMATION.—The program makes available to medicare beneficiaries through the Internet and otherwise information, including information on enrollment fees, prices charged to beneficiaries, and services offered under the program, that the Secretary identifies as being necessary to provide for informed choice by beneficiaries among endorsed programs.

''(E) EXTENT OF DEMONSTRATED EXPERIENCE.—The entity operating the program has demonstrated experience and expertise in operating such a program or a similar program.

''(F) EXTENT OF QUALITY ASSURANCE.—The entity has in place adequate procedures for assuring quality service under the program.

''(G) OPERATION OF ASSISTANCE PROGRAM.—The entity meets such requirements relating to solvency, compliance with financial reporting requirements, audit compliance, and contractual guarantees as specified by the Secretary.

''(H) PRIVACY COMPLIANCE.—The entity implements policies and procedures to safeguard the use and disclosure of program beneficiaries' individually identifiable health information in a manner consistent with the Federal regulations (concerning the privacy of individually identifiable health information) promulgated under section 264(c) of the Health Insurance Portability and Accountability Act of 1996.

''(I) ADDITIONAL BENEFICIARY PROTECTIONS.—The program meets such additional requirements as the Secretary identifies to protect and promote the interest of medicare beneficiaries, including requirements that ensure that beneficiaries are not charged more than the lower of the negotiated retail price or the usual and customary price.

The prices negotiated by a prescription drug discount card program endorsed under this section shall (notwithstanding any other provision of law) not be taken into account for the purposes of establishing the best price under section 1927(c)(1)(C).

''(4) BENEFICIARY ACCESS TO SAVINGS AND REBATES.—The Secretary shall require eligible entities offering a discount card program to pass on savings and rebates negotiated with manufacturers to eligible beneficiaries enrolled with the entity.

''(5) NEGOTIATED AGREEMENTS WITH EMPLOYER-SPONSORED PLANS.—Notwithstanding any other provision of this part, the Secretary may negotiate agreements with employer-sponsored plans under which eligible beneficiaries are provided with a benefit for prescription drug coverage that is more generous than the benefit that would otherwise have been available under this part if such an agreement results in cost savings to the Federal Government.

''(e) REQUIREMENTS FOR OTHER ELIGIBLE ENTITIES.—An eligible entity that is licensed under State law to provide the health insurance benefits under this section shall be required to meet the requirements of subsection (d)(3). If an eligible entity offers a national plan, such entity shall not be required to meet the requirements of subsection (d)(3), but shall meet the requirements of Employee Retirement Income Security Act of 1974 that apply with respect to such plan.

''PAYMENTS TO ELIGIBLE ENTITIES FOR ADMINISTERING THE CATASTROPHIC BENEFIT

''SEC. 1860H. (a) IN GENERAL.—The Secretary may establish procedures for making payments to an eligible entity under a contract entered into under this part for—

''(1) the costs of providing covered drugs to beneficiaries eligible for the benefit under this part in accordance with subsection (b) minus the amount of any cost-sharing collected by the eligible entity under section 1860F(b); and

''(2) costs incurred by the entity in administering the catastrophic benefit in accordance with section 1860G.

''(b) PAYMENT FOR COVERED DRUGS.—

''(1) IN GENERAL.—Except as provided in subsection (c) and subject to paragraph (2), the Secretary may only pay an eligible entity for covered drugs furnished by the eligible entity to an eligible beneficiary enrolled with such entity under this part that is eligible for the catastrophic benefit under section 1860F(b).

''(2) LIMITATIONS.—

''(A) FORMULARY RESTRICTIONS.—Insofar as an eligible entity with a contract under this part uses a formulary, the Secretary may not make any payment for a covered drug that is not included in such formulary, except to the extent provided under section 1860D(a)(4)(B).

''(B) NEGOTIATED PRICES.—The Secretary may not pay an amount for a covered drug furnished to an eligible beneficiary that exceeds the negotiated price (including applicable discounts) that the beneficiary would have been responsible for under section 1860F(a) or the price negotiated for insurance coverage under the Medicare+Choice program under part C, a medicare supplemental policy, employer-sponsored coverage, or a State plan.

''(C) COST-SHARING LIMITATIONS.—An eligible entity may not charge an individual enrolled with such entity who is eligible for the catastrophic benefit under this part any copayment, tiered copayment, coinsurance, or other cost-sharing that exceeds 10 percent of the cost of the drug that is dispensed to the individual.

''(3) PAYMENT IN COMPETITIVE AREAS.—In a geographic area in which 2 or more eligible entities offer a plan under this part, the Secretary may negotiate an agreement with the entity to reimburse the entity for costs incurred in providing the benefit under this part on a capitated basis.

''(c) SECONDARY PAYER PROVISIONS.—The provisions of section 1862(b) shall apply to the benefits provided under this part.

''DETERMINATION OF INCOME LEVELS

''SEC. 1860I. (a) DETERMINATION OF INCOME LEVELS.—

''(1) IN GENERAL.—The Secretary shall establish procedures under which each eligible entity awarded a contract under this part determines the income levels of eligible beneficiaries enrolled in a prescription drug card plan offered by that entity at least annually for purposes of sections 1860E(c) and 1860F(b).

''(2) PROCEDURES.—The procedures established under paragraph (1) shall require each eligible beneficiary to submit such information as the eligible entity requires to make the determination described in paragraph (1).

''(b) ENFORCEMENT OF INCOME DETERMINATIONS.—The Secretary shall—

''(1) establish procedures that ensure that eligible beneficiaries comply with sections 1860E(c) and 1860F(b); and

''(2) require, if the Secretary determines that payments were made under this part to which an eligible beneficiary was not entitled, the repayment of any excess payments with interest and a penalty.

''(c) QUALITY CONTROL SYSTEM.—

''(1) ESTABLISHMENT.—The Secretary shall establish a quality control system to monitor income determinations made by eligible entities under this section and to produce appropriate and comprehensive measures of error rates.

''(2) PERIODIC AUDITS.—The Inspector General of the Department of Health and Human Services shall conduct periodic audits to ensure that the system established under paragraph (1) is functioning appropriately.

''APPROPRIATIONS

''SEC. 1860J. There are authorized to be appropriated from time to time, out of any moneys in the Treasury not otherwise appropriated, to the Federal Supplementary Medical Insurance Trust Fund established under section 1841, an amount equal to the amount by which the benefits and administrative costs of providing the benefits under this part exceed the enrollment fees collected under section 1860E.

''MEDICARE COMPETITION AND PRESCRIPTION DRUG ADVISORY BOARD

''SEC. 1860K. (a) ESTABLISHMENT OF BOARD.—There is established a Medicare Prescription Drug Advisory Board (in this section referred to as the 'Board').

''(b) ADVICE ON POLICIES; REPORTS.—

''(1) ADVICE ON POLICIES.—The Board shall advise the Secretary on policies relating to the Voluntary Medicare Prescription Drug Discount and Security Program under this part.

''(2) REPORTS.—

''(A) IN GENERAL.—With respect to matters of the administration of the program under this part, the Board shall submit to Congress and to the Secretary such reports as the Board determines appropriate. Each such report may contain such recommendations as the Board determines appropriate for legislative or administrative changes to improve the administration of the program under this part. Each such report shall be published in the Federal Register.

''(B) MAINTAINING INDEPENDENCE OF BOARD.—The Board shall directly submit to Congress reports required under subparagraph (A). No officer or agency of the United States may require the Board to submit to any officer or agency of the United States for approval, comments, or review, prior to the submission to Congress of such reports.

''(c) STRUCTURE AND MEMBERSHIP OF THE BOARD.—

''(1) MEMBERSHIP.—The Board shall be composed of 7 members who shall be appointed as follows:

''(A) PRESIDENTIAL APPOINTMENTS.—

''(i) IN GENERAL.—Three members shall be appointed by the President, by and with the advice and consent of the Senate.

''(ii) LIMITATION.—Not more than 2 such members may be from the same political party.

''(B) SENATORIAL APPOINTMENTS.—Two members (each member from a different political party) shall be appointed by the President pro tempore of the Senate with the advice of the Chairman and the Ranking Minority Member of the Committee on Finance of the Senate.

''(C) CONGRESSIONAL APPOINTMENTS.—Two members (each member from a different political party) shall be appointed by the Speaker of the House of Representatives, with the advice of the Chairman and the Ranking Minority Member of the Committee on Ways and Means of the House of Representatives.

''(2) QUALIFICATIONS.—The members shall be chosen on the basis of their integrity, impartiality, and good judgment, and shall be individuals who are, by reason of their education, experience, and attainments, exceptionally qualified to perform the duties of members of the Board.

''(3) COMPOSITION.—Of the members appointed under paragraph (1)—

''(A) at least 1 shall represent the pharmaceutical industry;

''(B) at least 1 shall represent physicians;

''(C) at least 1 shall represent medicare beneficiaries;

''(D) at least 1 shall represent practicing pharmacists; and

''(E) at least 1 shall represent eligible entities.

''(d) TERMS OF APPOINTMENT.—

''(1) IN GENERAL.—Subject to paragraph (2), each member of the Board shall serve for a term of 6 years.

''(2) CONTINUANCE IN OFFICE AND STAGGERED TERMS.—

''(A) CONTINUANCE IN OFFICE.—A member appointed to a term of office after the commencement of such term may serve under such appointment only for the remainder of such term.

''(B) STAGGERED TERMS.—The terms of service of the members initially appointed under this section shall begin on January 1, 2005, and expire as follows:

''(i) PRESIDENTIAL APPOINTMENTS.—The terms of service of the members initially appointed by the President shall expire as designated by the President at the time of nomination, 1 each at the end of—

''(I) 2 years;

''(II) 4 years; and

''(III) 6 years.

''(ii) SENATORIAL APPOINTMENTS.—The terms of service of members initially appointed by the President pro tempore of the Senate shall expire as designated by the President pro tempore of the Senate at the time of nomination, 1 each at the end of—

''(I) 3 years; and

''(II) 6 years.

''(iii) CONGRESSIONAL APPOINTMENTS.—The terms of service of members initially appointed by the Speaker of the House of Representatives shall expire as designated by the Speaker of the House of Representatives at the time of nomination, 1 each at the end of—

''(I) 4 years; and

''(II) 5 years.

''(C) REAPPOINTMENTS.—Any person appointed as a member of the Board may not serve for more than 8 years.

''(D) VACANCIES.—Any member appointed to fill a vacancy occurring before the expiration of the term for which the member's predecessor was appointed shall be appointed only for the remainder of that term. A member may serve after the expiration of that member's term until a successor has taken office. A vacancy in the Board shall be filled in the manner in which the original appointment was made.

''(e) CHAIRPERSON.—A member of the Board shall be designated by the President to serve as Chairperson for a term of 4 years or, if the remainder of such member's term is less than 4 years, for such remainder.

''(f) EXPENSES AND PER DIEM.—Members of the Board shall serve without compensation, except that, while serving on business of the Board away from their homes or regular places of business, members may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government employed intermittently.

''(g) MEETINGS.—

''(1) IN GENERAL.—The Board shall meet at the call of the Chairperson (in consultation with the other members of the Board) not less than 4 times each year to consider a specific agenda of issues, as determined by the Chairperson in consultation with the other members of the Board.

''(2) QUORUM.—Four members of the Board (not more than 3 of whom may be of the same political party) shall constitute a quorum for purposes of conducting business.

''(h) FEDERAL ADVISORY COMMITTEE ACT.—The Board shall be exempt from the provisions of the Federal Advisory Committee Act (5 U.S.C. App.).

''(i) PERSONNEL.—

''(1) STAFF DIRECTOR.—The Board shall, without regard to the provisions of title 5, United States Code, relating to the competitive service, appoint a Staff Director who shall be paid at a rate equivalent to a rate established for the Senior Executive Service under section 5382 of title 5, United States Code.

''(2) STAFF.—

''(A) IN GENERAL.—The Board may employ, without regard to chapter 31 of title 5, United States Code, such officers and employees as are necessary to administer the activities to be carried out by the Board.

''(B) FLEXIBILITY WITH RESPECT TO CIVIL SERVICE LAWS.—

''(i) IN GENERAL.—The staff of the Board shall be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and, subject to clause (ii), shall be paid without regard to the provisions of chapters 51 and 53 of such title (relating to classification and schedule pay rates).

''(ii) MAXIMUM RATE.—In no case may the rate of compensation determined under clause (i) exceed the rate of basic pay payable for level IV of the Executive Schedule under section 5315 of title 5, United States Code.

''(j) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated, out of the Federal Supplemental Medical Insurance Trust Fund established under section 1841, and the general fund of the Treasury, such sums as are necessary to carry out the purposes of this section.''.

(b) CONFORMING REFERENCES TO PREVIOUS PART D.—

(1) IN GENERAL.—Any reference in law (in effect before the date of enactment of this Act) to part D of title XVIII of the Social Security Act is deemed a reference to part E of such title (as in effect after such date).

(2) SECRETARIAL SUBMISSION OF LEGISLATIVE PROPOSAL.—Not later than 6 months after the date of enactment of this section, the Secretary of Health and Human Services shall submit to the appropriate committees of Congress a legislative proposal providing for such technical and conforming amendments in the law as are required by the provisions of this section.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by subsection (a) shall take effect on the date of enactment of this Act.

(2) IMPLEMENTATION.—Notwithstanding any provision of part D of title XVIII of the Social Security Act (as added by subsection (a)), the Secretary of Health and Human Services shall implement the Voluntary Medicare Prescription Drug Discount and Security Program established under such part in a manner such that—

(A) benefits under such part for eligible beneficiaries (as defined in section 1860 of such Act, as added by such subsection) with annual incomes below 200 percent of the poverty line (as defined in such section) are available to such beneficiaries not later than the date that is 6 months after the date of enactment of this Act; and

(B) benefits under such part for other eligible beneficiaries are available to such beneficiaries not later than the date that is 1 year after the date of enactment of this Act.

SEC. 3. ADMINISTRATION OF VOLUNTARY MEDICARE PRESCRIPTION DRUG DISCOUNT AND SECURITY PROGRAM.

(a) ESTABLISHMENT OF CENTER FOR MEDICARE PRESCRIPTION DRUGS.—There is established, within the Centers for Medicare & Medicaid Services of the Department of Health and Human Services, a Center for Medicare Prescription Drugs. Such Center shall be separate from the Center for Beneficiary Choices, the Center for Medicare Management, and the Center for Medicaid and State Operations.

(b) DUTIES.—It shall be the duty of the Center for Medicare Prescription Drugs to administer the Voluntary Medicare Prescription Drug Discount and Security Program established under part D of title XVIII of the Social Security Act (as added by section 2).

(c) DIRECTOR.—

(1) APPOINTMENT.—There shall be in the Center for Medicare Prescription Drugs a Director of Medicare Prescription Drugs, who shall be appointed by the President, by and with the advice and consent of the Senate.

(2) RESPONSIBILITIES.—The Director shall be responsible for the exercise of all powers and the discharge of all duties of the Center for Medicare Prescription Drugs and shall have authority and control over all personnel and activities thereof.

(d) PERSONNEL.—The Director of the Center for Medicare Prescription Drugs may appoint and terminate such personnel as may be necessary to enable the Center for Medicare Prescription Drugs to perform its duties.

SEC. 4. EXCLUSION OF PART D COSTS FROM DETERMINATION OF PART B MONTHLY PREMIUM.

Section 1839(g) of the Social Security Act (42 U.S.C. 1395r(g)) is amended—

(1) by striking ''attributable to the application of section'' and inserting ''attributable to—

''(1) the application of section'';

(2) by striking the period and inserting ''; and''; and

(3) by adding at the end the following new paragraph:

''(2) the Voluntary Medicare Prescription Drug Discount and Security Program under part D.''.

SEC. 5. MEDIGAP REVISIONS.

Section 1882 of the Social Security Act (42 U.S.C. 1395ss) is amended by adding at the end the following new subsection:

''(v) MODERNIZATION OF MEDICARE SUPPLEMENTAL POLICIES.—

''(1) PROMULGATION OF MODEL REGULATION.—

''(A) NAIC MODEL REGULATION.—If, within 9 months after the date of enactment of the Medicare Rx Drug Discount and Security Act of 2003, the National Association of Insurance Commissioners (in this subsection referred to as the 'NAIC') changes the 1991 NAIC Model Regulation (described in subsection (p)) to revise the benefit package classified as 'J' under the standards established by subsection (p)(2) (including the benefit package classified as 'J' with a high deductible feature, as described in subsection (p)(11)) so that—

''(i) the coverage for prescription drugs available under such benefit package is replaced with coverage for prescription drugs that complements but does not duplicate the benefits for prescription drugs that beneficiaries are otherwise entitled to under this title;

''(ii) a uniform format is used in the policy with respect to such revised benefits; and

''(iii) such revised standards meet any additional requirements imposed by the Medicare Rx Drug Discount and Security Act of 2003;

subsection (g)(2)(A) shall be applied in each State, effective for policies issued to policy holders on and after January 1, 2005, as if the reference to the Model Regulation adopted on June 6, 1979, were a reference to the 1991 NAIC Model Regulation as changed under this subparagraph (such changed regulation referred to in this section as the '2005 NAIC Model Regulation').

''(B) REGULATION BY THE SECRETARY.—If the NAIC does not make the changes in the 1991 NAIC Model Regulation within the 9-month period specified in subparagraph (A), the Secretary shall promulgate, not later than 9 months after the end of such period, a regulation and subsection (g)(2)(A) shall be applied in each State, effective for policies issued to policy holders on and after January 1, 2005, as if the reference to the Model Regulation adopted on June 6, 1979, were a reference to the 1991 NAIC Model Regulation as changed by the Secretary under this subparagraph (such changed regulation referred to in this section as the '2005 Federal Regulation').

''(C) CONSULTATION WITH WORKING GROUP.—In promulgating standards under this paragraph, the NAIC or Secretary shall consult with a working group similar to the working group described in subsection (p)(1)(D).

''(D) MODIFICATION OF STANDARDS IF MEDICARE BENEFITS CHANGE.—If benefits under part D of this title are changed and the Secretary determines, in consultation with the NAIC, that changes in the 2005 NAIC Model Regulation or 2005 Federal Regulation are needed to reflect such changes, the preceding provisions of this paragraph shall apply to the modification of standards previously established in the same manner as they applied to the original establishment of such standards.

''(2) CONSTRUCTION OF BENEFITS IN OTHER MEDICARE SUPPLEMENTAL POLICIES.—Nothing in the benefit packages classified as 'A' through 'I' under the standards established by subsection (p)(2) (including the benefit package classified as 'F' with a high deductible feature, as described in subsection (p)(11)) shall be construed as providing coverage for benefits for which payment may be made under part D.

''(3) APPLICATION OF PROVISIONS AND CONFORMING REFERENCES.—

''(A) APPLICATION OF PROVISIONS.—The provisions of paragraphs (4) through (10) of subsection (p) shall apply under this section, except that—

''(i) any reference to the model regulation applicable under that subsection shall be deemed to be a reference to the applicable 2005 NAIC Model Regulation or 2005 Federal Regulation; and

''(ii) any reference to a date under such paragraphs of subsection (p) shall be deemed to be a reference to the appropriate date under this subsection.

''(B) OTHER REFERENCES.—Any reference to a provision of subsection (p) or a date applicable under such subsection shall also be considered to be a reference to the appropriate provision or date under this subsection.''.

By Mr. JEFFORDS (for himself, Mr. LAUTENBERG, Mr. GRAHAM of Florida, and Mr. LIEBERMAN):

S. 779. A bill to amend the Federal Water Pollution Control Act to improve protection of treatment works from terrorist and other harmful and intentional acts, and for other purposes; to the Committee on Environment and Public Works.

Mr. JEFFORDS. Mr. President, I rise today with Senators LAUTENBERG, GRAHAM of Florida, and LIEBERMAN to introduce the Wastewater Treatment Works Security and Safety Act. This legislation provides for the safety and security of our Nation's wastewater treatment works by providing needed funds to conduct vulnerability assessments and implement security improvements. In addition, this bill will ensure long-term safety and security by providing funds for researching innovative technologies and enhancing proven vulnerability assessment tools already in use.

Since the terrible events of September 11, we have taken several comprehensive steps to protect our water supplies and infrastructure. I have spoken on the many initiatives taking place on the Committee on Environment and Public Works and at the Environmental Protection Agency to protect our Nation's critical water infrastructure. I am pleased to say that we have made some progress.

EPA worked with State and local governments to expeditiously provide guidance on the protection of drinking water facilities from terrorist attacks. Based on the recommendations of Presidential Decision Directive 63, issued by President Clinton in 1998, the Environmental Protection Agency and its industry partner, the Association of Metropolitan Water Agencies, established a communications system, a water infrastructure Information Sharing and Analysis Center, designed to provide real-time threat assessment data to water utilities throughout the Nation.

Last year, Senator SMITH and I worked to include the authorization of $160 million for vulnerability assessments at drinking water facilities as part of the Public Health Security and Bioterrorism Preparedness and Response Act of 2002. Despite our hard work during the conference, we were unable to include a provision in that bill for wastewater facilities due to jurisdictional issues in the House.

While these initial efforts are essential, our task is by no means finished. We cannot forget the vital importance of protecting our Nation's wastewater facilities. Everyday we take for granted the hundreds of thousand of miles of

pipes buried underground and the thousands of wastewater treatment works that keep our water clean and safe. Like all our Nation's critical infrastructure, the disruption or destruction of these structures could have a devastating impact on public safety, health, and the economy.

The legislation I am introducing today will take us one step further by authorizing support of ongoing efforts to develop and implement vulnerability assessments and emergency response plans at wastewater facilities.

Using existing tools such as the Sandia Laboratory's vulnerability assessment tool or the Association of Metropolitan Sewerage Association's Vulnerability Self-Assessment Tool, treatment works will be able to securely identify critical areas of need. With the funds provided by this bill, EPA will also ensure that treatment works remedy areas of concerns. Using the results of the vulnerability assessment, treatment works will develop or revise emergency response plans to minimize damage if an attack were to occur.

This bill authorizes $180 million for fiscal years 2004 through 2008 for grants to conduct the vulnerability assessments and implement basic security enhancements. The bill also recognizes the need to address immediate and urgent security needs with a special $20 million authorization over 2004 and 2005.

In my home State of Vermont, we have only three towns of over 25,000 people. The small water facilities serving these communities have been particularly challenged to meet today's new homeland security challenges. Many times, water managers operate the town's water facilities as a part-time job or even as a free service. We must ensure that they are afforded the same consideration under this act as the medium and large facilities. This bill authorizes $15 million for grants to help small communities conduct vulnerability assessments, develop emergency response plans, and address potential threats to the treatment works. It also instructs the Administrator of the EPA to provide guidance to these communities on how to effectively use these security tools.

To ensure the continued development of wastewater security technologies, the Wastewater Treatment Works Security and Safety Act authorizes $15 million for research for 2004 through 2008. It also provides $500,000 to refine vulnerability self-assessment tools already in existence.

I look forward to working with my colleagues on this legislation and other efforts to enhance the security of our Nation's water infrastructure in the weeks, months, and years to come. We truly have something to protect—clean, safe, fresh water is worth our investment.

By Mr. MCCAIN.

S. 784. A bill to revise the boundary of the Petrified Forest National Park in the State of Arizona, and for other purposes; to the Committee on Energy and Natural Resources.

Mr. MCCAIN. Mr. President, I rise to introduce legislation to authorize expansion of the Petrified Forest National Park in Arizona. I'm pleased that Representative RICK RENZI will introduce companion legislation in the House of Representatives.

The Petrified Forest National Park is a national treasure among the Nation's parks, renowned for its large concentration of highly colored petrified wood, fossilized remains, and spectacular landscapes. However, it is much more than a colorful, scenic vista, for the Petrified Forest has been referred to as ''one of the world's greatest storehouses of knowledge about life on earth when the Age of the Dinosaurs was just beginning.''

For anyone whom has ever visited this park, one is quick to recognize the wealth of scenic, scientific, and historical values of this park. Preserved deposits of petrified wood and related fossils are among the most valuable representations of Triassic-period terrestrial ecosystems in the world. These natural formations were deposited more than 220 million years ago. Scenic vistas, designated wilderness areas, and other historically significant sites of pictographs and Native American ruins are added dimensions to the park.

The Petrified Forest was originally designated as a National Monument by former President Theodore Roosevelt in 1906 to protect the important natural and cultural resources of the Park, and later re-designated as a National Park in 1962. While several boundary adjustments were made to the Park, a significant portion of unprotected resources remain in outlying areas adjacent to the Park.

A proposal to expand the Park's boundaries was recommended in the park's General Management Plan in 1992, in response to concerns about the long-term protection needs of globally significant resources and the Park's viewshed in nearby areas. For example, one of the most concentrated deposits of petrified wood is found within the Chinle encarpment, of which only thirty percent is included within the current Park boundaries.

Increasing reports of theft and vandalism around the Park have activated the Park, local communities, and other interested entities to seek additional protections through a proposed boundary expansion. It has been estimated that visitors to the Park steal about 12 tons of petrified wood every year. Other reports of destruction to archaeological sites and gravesites have also been documented. Based on these continuing threats to resources intrinsic to the Park, the National Parks Conservation Association listed the Petrified Forest National Park on its list of Top Ten Most Endangered Parks in 2000.

Support for this proposed boundary expansion is extraordinary, from the local community of Holbrook, scientific and research institutions, state tourism agencies, and environmental groups, such as the National Parks Conservation Association, NPCA. I ask unanimous consent that a letter of support from the National Parks Conservation Association be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NATIONAL PARKS
CONSERVATION ASSOCIATION,
March 20, 2003.

Hon. JOHN MCCAIN,
U.S. Senate, Russell Senate Office Bldg., Washington, DC.

DEAR SENATOR MCCAIN: I wish to express the appreciation of the National Parks Conservation Association (NPCA) for your reintroduction of the Petrified Forest National Park Expansion Act. Every day that passes without adequately protecting the remarkable resources adjacent to this gem of the National Park System places them and the park at greater risk. NPCA strongly agrees with the National Park Service's 1992 findings that the park should be expanded. Now, with your leadership and with private landowners within the proposed expansion area anxious to sell their land, we believe the time has come to pass this important legislation.

It is hard to imagine a better example of an outdoor classroom than Petrified Forest National Park. This boundary expansion will ensure long-term protection of globally significant paleontological resources outside the park, which are believed even to surpass those within the present park boundary. Only 30 percent of the 22-mile long Chinle escarpment, known to constitute the best record of Triassic period terrestrial ecosystems found anywhere in the world, is protected within the park. The opportunities for schoolchildren in Arizona and elsewhere, for the scientific community, and others to learn from the 225 million-year old record entombed in these lands is truly incredible. The lessons locked within Petrified Forest and the proposed expansion lands can give us important perspectives about how modern day challenges like global warming and biodiversity relate to historical changes in the earth's climate and environment, dating back to prehistoric times. And they can excite the next generation of scientists the nation will need to compete in the 21st century.

In addition to the Chinle, the expansion would protect major ancestral puebloan archaeological sites dating as far back as 7,000 years, and the incredible vista from the park's Blue Mesa. It will also alleviate the threat of encroaching incompatible development and will greatly enhance the National Park Service's capability to protect the resources from vandalism and illegal pothunting.

I have had the opportunity to discuss this expansion proposal with Arizona's new governor, Janet Napolitano and her staff and am very encouraged by their strong interest. NPCA looks forward to working with you, your able staff, the Arizona delegation, the new governor, and the park service to build upon the progress we made in last year's negotiations on the bill.

Expanding Petrified Forest National Park will be a gift the American people will appreciate for generations to come. In addition, I can think of no more fitting tribute to the park's late superintendent, Michele Hellickson, than saving the resource she fought to protect for so many years. Because

it provides such a compelling explanation about why this expansion is so important, I am attaching an article by David Gillette, the Colbert Curator of Paleontology at the Museum of Northern Arizona, which was published in our magazine last fall. Thank you for advancing this important proposal to protect a truly remarkable resource for our nation and the rest of the world.

Sincerely,

CRAIG D. OBEY,
Vice President for Government Affairs.

The legislation I am introducing today is intended to serve as a placeholder bill for further development of a boundary expansion proposal. The legislation is identical to the version introduced in the 107th Congress. Several key issues remain that require resolution, including the exact definition of the expanded boundary acreage as well as the disposition and possible acquisition of private and State lands within the proposed expansion area.

It's encouraging to note that the four major landowners within the proposed boundary expansion area have expressed interest in the Park expansion. Other public landowners, primarily the state of Arizona and the Bureau of Land Management, have recognized the significance of the paleontological resources on its lands adjacent to the Park. The Arizona State Trust land Department closed nearby State trust lands to both surface and subsurface applications. Additionally, the Bureau of Land Management has identified its land-holdings within the proposed expansion area for disposal and possible transfer to the Park.

Other issues involving additional private landholders and State trust land must still be resolved. In particular, the State of Arizona has specific requirements which must be addressed as the legislation moves through the process, particularly with regard to compensation to the state for any acquisitions of State trust lands by the Secretary of the Interior, in keeping with the requirements of State law.

I fully intend to address these issues in consultation with affected entities and resolve any additional questions within a reasonable time-frame. A historic opportunity exists to alleviate major threats to these nationally significant resources and preserve them for our posterity.

On a personal note, I'd like to acknowledge the former Park Superintendent of Petrified Forest National Park, Michele Hellickson, who recently lost a battle with cancer a few months ago. She served as Park Superintendent for nine years, from 1993 to 2002, and was one of the most ardent supporters to protect the resources of this Park. Her commitment to protect this incredible Park will long be remembered and acknowledged.

I look forward to working with my colleagues on both sides of the aisle to ensure swift consideration and enactment of this proposal. Time is of the essence to ensure the long-term protection of these rare and important resources for the enjoyment and educational value for future generations.

I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the text of the bill was ordered to be printed in the RECORD, as follows:

S. 784

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Petrified Forest National Park Expansion Act of 2003''.

SEC. 2. FINDINGS AND PURPOSE.

(a) FINDINGS.—Congress finds that—

(1) the Petrified Forest National Park was established—

(A) to preserve and interpret the globally significant paleontological resources of the Park that are generally regarded as the most important record of the Triassic period in natural history; and

(B) to manage those resources to retain significant cultural, natural, and scenic values;

(2) significant paleontological, archaeological, and scenic resources directly related to the resource values of the Park are located in land areas adjacent to the boundaries of the Park;

(3) those resources not included within the boundaries of the Park—

(A) are vulnerable to theft and desecration; and

(B) are disappearing at an alarming rate;

(4) the general management plan for the Park includes a recommendation to expand the boundaries of the Park and incorporate additional globally significant paleontological deposits in areas adjacent to the Park—

(A) to further protect nationally significant archaeological sites; and

(B) to protect the scenic integrity of the landscape and viewshed of the Park; and

(5) a boundary adjustment at the Park will alleviate major threats to those nationally significant resources.

(b) PURPOSE.—The purpose of this Act is to authorize the Secretary of the Interior to acquire 1 or more parcels of land—

(1) to expand the boundaries of the Park; and

(2) to protect the rare paleontological and archaeological resources of the Park.

SEC. 3. DEFINITIONS.

In this Act:

(1) MAP.—The term ''map'' means the map entitled ''Proposed Boundary Adjustments, Petrified Forest National Park'', numbered ____, and dated _____.

(2) PARK.—The term ''Park'' means the Petrified Forest National Park in the State.

(3) SECRETARY.—The term ''Secretary'' means the Secretary of the Interior.

(4) STATE.—The term ''State'' means the State of Arizona.

SEC. 4. BOUNDARY REVISION.

(a) IN GENERAL.—The boundary of the Park is revised to include approximately _____ acres, as generally depicted on the map.

(b) AVAILABILITY OF MAP.—The map shall be on file and available for public inspection in the appropriate offices of the National Park Service.

SEC. 5. ACQUISITION OF ADDITIONAL LAND.

(a) PRIVATE LAND.—The Secretary may acquire from a willing seller, by purchase, exchange, or by donation, any private land or interests in private land within the revised boundary of the Park.

(b) STATE LAND.—

(1) IN GENERAL.—The Secretary may, with the consent of the State and in accordance with State law, acquire from the State any State land or interests in State land within the revised boundary of the Park by purchase or exchange.

(2) PLAN.—Not later than 2 years after the date of enactment of this Act, the Secretary shall, in coordination with the State, develop a plan for acquisition of State land or interests in State land identified for inclusion within the revised boundary of the Park.

SEC. 6. ADMINISTRATION.

(a) IN GENERAL.—Subject to applicable laws, all land and interests in land acquired under this Act shall be administered by the Secretary as part of the Park.

(b) TRANSFER OF JURISDICTION.—The Secretary shall transfer to the National Park Service administrative jurisdiction over any land under the jurisdiction of the Secretary that—

(1) is depicted on the map as being within the boundaries of the Park; and

(2) is not under the administrative jurisdiction of the National Park Service on the date of enactment of this Act.

(c) GRAZING.—

(1) IN GENERAL.—The Secretary shall permit the continuation of grazing on land transferred to the Secretary under this Act, subject to applicable laws (including regulations) and Executive orders.

(2) TERMINATION OF LEASES OR PERMITS.—Nothing in this subsection prohibits the Secretary from accepting the voluntary termination of a grazing permit or grazing lease within the Park.

(d) AMENDMENT TO GENERAL MANAGEMENT PLAN.—Not later than 3 years after the date of enactment of this Act, the Secretary shall amend the general management plan for the Park to address the use and management of any additional land acquired under this Act.

SEC. 7. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such sums as are necessary to carry out this Act.

By Mr. BAUCUS (for himself, Mr. GRASSLEY, Mr. DASCHLE, Mr. COLEMAN, Mr. HARKIN, Mr. CRAIG, Mr. JOHNSON, Mr. BURNS, Mr. DORGAN, Mr. ROBERTS, Mr. DAYTON, Mr. FITZGERALD, Mrs. LINCOLN, Mr. COCHRAN, Mr. HAGEL, Mr. CONRAD, and Mr. HATCH):

S. 785. A bill to amend the Internal Revenue Code of 1986 to allow the payment of dividends on the stock of cooperatives without reducing patronage dividends; to the Committee on Finance.

Mr. BAUCUS. Mr. President, today I am introducing a very important piece of legislation to modify the cooperative dividend allocation rule. I would like to thank Senator GRASSLEY and my other colleagues that have signed on the bill for their support for correcting this rule.

America's agriculture industry has not had it easy in recent years. In Montana and other areas of the country, drought, low prices and the economic downturn have hit our farms and ranches hard. Over the past few years Congress has worked diligently to help our Nation's smaller agriculture producers. However, there is more work to be done.

Senator GRASSLEY and I recently introduced ''The Tax Empowerment and

Relief for Farmers and Fisherman Act'', TERFF, with the intention of giving farmers the tools to help themselves. One provision within that Act deals with the payment of dividends on cooperatives' stock. Today we are introducing that provision on its own to emphasize the importance of changing the dividend allocation rule.

Currently, the dividend allocation rule reduces patronage income when a cooperative pays a dividend on capital stock from non-patronage earnings. This reduces the amount cooperatives can pay back to their farmer patrons and inhibits their ability to equity-finance operations.

Modifying this rule will make farmer cooperatives more competitive and provide better access to capital. This piece of legislation will help revitalize farmer cooperatives by providing more accurate tax treatment for patronage and non-patronage income.

I look forward to working with my colleagues to enact the critical piece of legislation.

I ask unanimous consent that the text of the legislation be printed in the RECORD.

There being no objection, the text of the bill was ordered to be printed in the RECORD, as follows:

S. 785

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PAYMENT OF DIVIDENDS ON STOCK OF COOPERATIVES WITHOUT REDUCING PATRONAGE DIVIDENDS.

(a) IN GENERAL.—Subsection (a) of section 1388 of the Internal Revenue Code of 1986 (relating to patronage dividend defined) is amended by adding at the end the following new sentence: ''For purposes of paragraph (3), net earnings shall not be reduced by amounts paid during the year as dividends on capital stock or other proprietary capital interests of the organization to the extent that the articles of incorporation or bylaws of such organization or other contract with patrons provide that such dividends are in addition to amounts otherwise payable to patrons which are derived from business done with or for patrons during the taxable year.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to distributions in taxable years beginning after the date of the enactment of this Act.

Mr. GRASSLEY. Mr. President, the Dividend Allocation Rule, DAR, is the result of several old court cases and subsequent IRS interpretation that applies only to cooperatives which are corporations. When a non cooperative corporation pays a dividend to its shareholder the corporation pays tax on the dividend issued and the shareholder pays a tax on the dividend received, so they pay two levels of taxation. In fact, under the President's dividend exclusion proposal as presented to the U.S. Congress, the President of the United States makes a compelling argument that being taxed twice is inherently unfair and it would be good for the Nation's economy that only one level of tax should be paid by the corporation and that the shareholder would receive the dividend tax free.

Well—if two levels of taxation on corporations and their shareholders is unfair and adverse to the creation of capital and the economy—how would you like to try to operate as a fiscally sound business entity if you had to figure out every day how you were going to generate enough cash flow to pay THREE levels of taxation.

Current law requires corporate cooperatives to treat income from their member-owners, patrons, separate from income of their non-members money. Contributions and earnings used by the cooperative to operate is typically called retained patronage. The member, unlike a shareholder, has to pay income tax on that amount even if the Cooperative retains the money for operation expenses. Then, because of the IRS' rules, when the Cooperative returns money to its non-members it loses its corporate deduction which in turn reduces the return of earnings that the patron has already paid taxes on—the result is a triple layer of tax. This rule is inherently unfair to our corporate cooperatives.

Now is the time to finally correct this injustice. The Congress passed this bill in 106th Congress, but it was subsequently vetoed by the President. It was a part of a bill I sponsored the ''Tax Empowerment and Relief for Farmers and Fishermen, TERFF, Act'' in the 107th, and now it is time for the Senate to pass it again in the 108th. As Chairman of the Finance Committee, I am proud to join with my Ranking Member MAX BAUCUS to introduce the bill to repeal the Dividend Allocation Rule. We have been joined by many of our farm States' Senators in a truly bipartisan effort to correct this financial injustice.

The time to act is now and this bipartisan legislation will eliminate the adverse tax problem and will help rejuvenate over 100 of our farmer cooperative networks in Iowa and nearly 3000 of our cooperatives across the America.

By Mr. BINGAMAN (for himself, Mr. ROCKEFELLER, and Mr. BREAUX):

S. 786. A bill to amend the temporary assistance to needy families program under part A of title IV of the Social Security Act to provide grants for transitional jobs programs, and for other purposes; to the Committee on Finance.

Mr. BINGAMAN. Mr. President, I rise today to introduce the Business Links Act, on behalf of myself, Senator ROCKEFELLER and Senator BREAUX.

The Business Links Act is a companion bill to the Education Works Act, which I introduced a short time ago. Both of these bills address the need to support State efforts to use welfare to work strategies that combine work with a flexible mix of education, training and other supports. The Business Links Act, more specifically, provides resources to States seeking to implement one of the most effective of these types of programs: transitional jobs programs. These programs provide subsidized, temporary, wage-paying jobs for 20 to 35 hours a week, along with access to job readiness, basic education, vocational skills, and other barrier-removal services based on individualized plans. The Business Links Act would provide states with funding to implement these transitional jobs programs and other training and support programs such as Business Links.

Existing transitional jobs programs are achieving great outcomes. Research has shown that 81 percent to 94 percent of those who completed transitional jobs programs went on to unsubsidized jobs with wages, and that most of these individuals moved into full-time employment. Transitional jobs can be particularly effective for the hardest to serve welfare recipients. For people who face barriers, or who lack the skills or experience to compete successfully in the labor market, paid work in a supportive environment, together with access to needed services provides a real chance to move into stable, permanent employment. Transitional jobs not only help individuals, but communities as well. In providing work opportunities for hard-to-employ individuals, these programs reduce pressure on local emergency systems and decrease government expenditures on health care, food stamps, and cash assistance.

Our legislation also supports ''business link'' programs that provide individuals with fewer barriers and those who have historically found only very low wage employment with intensive training and skill development activities designed to lead to long-term, higher paid employment. These programs are based on partnerships with the private sector. In my home State, just such a program is producing great results the Teamworks program. During a 12-week course, participants are provided with training in life and employment skills, necessary supports such as childcare and transportation, assistance in their job search efforts and ongoing support for 18 months after job placement. Impressively, the average wage of those completing the program is $1.50 per hour higher than other programs and job retention rates are 20 percent higher.

Additional Federal support for transitional job and business link programs is sorely needed. The Welfare-to-work funds that have previously been used to support these programs are nearly exhausted. In addition, in a period of rising caseloads and state budget crises such as we are now facing, funding transitional jobs solely with existing TANF funds will be very difficult.

I urge my colleagues to join me in supporting the Business Links Act, which will provide States with the tools they need to implement programs that work. I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the text of the bill was ordered to be printed in the RECORD, as follows:

S. 786

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Business Links Act of 2003''.

SEC. 2. TRANSITIONAL JOBS GRANTS.

(a) IN GENERAL.—Section 403(a)(4) of the Social Security Act (42 U.S.C. 603(a)(4)) is amended to read as follows:

''(4) INNOVATIVE BUSINESS LINK PARTNERSHIP GRANTS.—

''(A) IN GENERAL.—The Secretary and the Secretary of Labor (in this paragraph referred to as the ''Secretaries'') jointly shall award grants in accordance with this paragraph for projects proposed by eligible applicants based on the following:

''(i) The potential effectiveness of the proposed project in carrying out the activities described in subparagraph (E).

''(ii) Evidence of the ability of the eligible applicant to leverage private, State, and local resources.

''(iii) Evidence of the ability of the eligible applicant to coordinate with other organizations at the State and local level.

''(B) DEFINITION OF ELIGIBLE APPLICANT.—

''(i) IN GENERAL.—In this paragraph, the term 'eligible applicant' means a nonprofit organization, a local workforce investment board established under section 117 of the Workforce Investment Act of 1998 (29 U.S.C. 2832), a State, a political subdivision of a State, or an Indian tribe.

''(ii) GRANTS TO PROMOTE BUSINESS LINKAGES.—

''(I) ADDITIONAL ELIGIBLE APPLICANT.—Only for purposes of grants to carry out the activities described in subparagraph (E)(i), the term 'eligible applicant' includes an employer.

''(II) ADDITIONAL REQUIREMENT.—In order to qualify as an eligible applicant for purposes of subparagraph (E)(i), the applicant must provide evidence that the application has been developed by and will be implemented by a local or regional consortium that includes, at minimum, employers or employer associations, and education and training providers, in consultation with local labor organizations and social service providers that work with low-income families or individuals with disabilities.

''(C) REQUIREMENTS.—

''(i) IN GENERAL.—In awarding grants under this paragraph, the Secretaries shall—

''(I) consider the needs of rural areas and cities with large concentrations of residents with an income that is less than 150 percent of the poverty line; and

''(II) ensure that—

''(aa) all of the funds made available under this paragraph (other than funds reserved for use by the Secretaries under subparagraph (J)) shall be used for activities described in subparagraph (E);

''(bb) not less than 40 percent of the funds made available under this paragraph (other than funds so reserved) shall be used for activities described in subparagraph (E)(i); and

''(cc) not less than 40 percent of the funds made available under this paragraph (other than funds so reserved) shall be used for the activities described in subparagraph (E)(ii).

''(ii) CONTINUATION OF AVAILABILITY.—If any portion of the funds required to be used for activities referred to in item (bb) or (cc) of clause (i)(II) are not awarded in a fiscal year, such portion shall continue to be available in the subsequent fiscal year for the same activity, in addition to other amounts that may be available for such activities for that subsequent fiscal year.

''(D) DETERMINATION OF GRANT AMOUNT.—

''(i) IN GENERAL.—Subject to clause (ii), in determining the amount of a grant to be awarded under this paragraph for a project proposed by an eligible applicant, the Secretaries shall provide the eligible applicant with an amount sufficient to ensure that the project has a reasonable opportunity to be successful, taking into account—

''(I) the number and characteristics of the individuals to be served by the project;

''(II) the level of unemployment in the area to be served by the project;

''(III) the job opportunities and job growth in such area;

''(IV) the poverty rate for such area; and

''(V) such other factors as the Secretary deems appropriate in such area.

''(ii) MAXIMUM AWARD FOR GRANTS TO PROMOTE BUSINESS LINKAGES OR PROVIDE TRANSITIONAL JOBS PROGRAMS.—

''(I) IN GENERAL.—In the case of a grant to carry out activities described in clause (i) or (ii) of subparagraph (E), an eligible applicant awarded a grant under this paragraph may not receive more than $10,000,000 per fiscal year under the grant.

''(II) RULE OF CONSTRUCTION.—Nothing in subclause (I) shall be construed as precluding an otherwise eligible applicant from receiving separate grants to carry out activities described in clause (i) or (ii) of subparagraph (E).

''(iii) GRANT PERIOD.—The period in which a grant awarded under this paragraph may be used shall be specified for a period of not less than 36 months and not more than 60 months.

''(E) ALLOWABLE ACTIVITIES.—An eligible applicant awarded a grant under this paragraph shall use funds provided under the grant to do the following:

''(i) PROMOTE BUSINESS LINKAGES.—

''(I) IN GENERAL.—To promote business linkages in which funds shall be used to fund new or expanded programs that are designed to—

''(aa) substantially increase the wages of eligible individuals (as defined in subparagraph (F)), whether employed or unemployed, who have limited English proficiency or other barriers to employment by creating or upgrading job and related skills in partnership with employers, especially by providing supports and services at or near work sites; and

''(bb) identify and strengthen career pathways by expanding and linking work and training opportunities for such individuals in collaboration with employers.

''(II) CONSIDERATION OF IN-KIND, IN-CASH RESOURCES.—In determining which programs to fund under this clause, an eligible applicant awarded a grant under this paragraph shall consider the ability of a consortium to provide funds in-kind or in-cash (including employer-provided, paid release time) to help support the programs for which funding is sought.

''(III) PRIORITY.—In determining which programs to fund under this clause, an eligible applicant awarded a grant under this paragraph shall give priority to programs that include education or training for which participants receive credit toward a recognized credential, such as an occupational certificate or license.

''(IV) USE OF FUNDS.—

''(aa) IN GENERAL.—Funds provided to a program under this clause may be used for a comprehensive set of employment and training benefits and services, including job development, job matching, workplace supports and accommodations, curricula development, wage subsidies, retention services, and such other benefits or services as the program deems necessary to achieve the overall objectives of this clause.

''(bb) PROVISION OF SERVICES.—So long as a program is principally designed to assist eligible individuals, (as defined in subparagraph (F)), funds may be provided to a program under this clause that also serves low-earning employees of 1 or more employers even if such individuals are not within the definition of eligible individual (as so defined).

''(ii) PROVIDE FOR TRANSITIONAL JOBS PROGRAMS.—

''(I) IN GENERAL.—To provide for wage-paying transitional jobs programs which combine time-limited employment in the public or nonprofit private sector that is subsidized with public funds with skill development and activities to remove barriers to employment, pursuant to an individualized plan (or, in the case of an eligible individual described in subparagraph (F)(i), an individual responsibility plan developed for an individual under section 408(b)). Such programs also shall provide job development and placement assistance to individual participants to help them move from subsidized employment in transitional jobs into unsubsidized employment, as well as retention services after the transition to unsubsidized employment.

''(II) ELIGIBLE PARTICIPANTS.—The Secretary shall ensure that individuals who participate in transitional jobs programs funded under a grant made under this paragraph shall be individuals who have been unemployed because of limited skills, experience, or other barriers to employment, and who are eligible individuals (as defined in subparagraph (F)), provided that so long as a program is designed to, and principally serves, eligible individuals (as so defined), a limited number of individuals who are unemployed because of limited skills, experience, or other barriers to employment, and who have an income below 100 percent of the Federal poverty line but who do not satisfy the definition of eligible individual (as so defined) may be served in the program to the extent the Secretaries determine that the inclusion of such individuals in the program is appropriate.

''(III) USE OF FUNDS.—Funds provided to a program under this clause may only be used in accordance with the following:

''(aa) To create subsidized transitional jobs in which work shall be performed directly for the program operator or at other public and non profit organizations (in this subclause referred to as 'worksite employers') in the community, and in which 100 percent of the wages shall be subsidized, except as described in item (ff) regarding placements in the private, for profit sector.

''(bb) Participants shall be paid at the rate paid to unsubsidized employees of the worksite employer who perform comparable work at the worksite where the individual is placed. If no other employees perform the same or comparable work then wages shall be set, at a minimum, at 50 percent of the Lower Living Standard Income Level (commonly referred to as the 'LLSIL'), as determined under section 101(24) of the Workforce Investment Act of 1998 (29 U.S.C. 2801(24)), for a family of 3 based on 35 hours per week.

''(cc) Transitional jobs shall be limited to not less than 6 months and not more than 24 months, however, nothing shall preclude a participant from moving into unsubsidized employment at a point prior to the maximum duration of the transitional job placement. Participants shall be paid wages based on a workweek of not less than 30 hours per week or more than 40 hours per week, except that a parent of a child under the age of 6, a child who is disabled, or a child with other special needs, or an individual who for other reasons cannot successfully participate for 30

to 40 hours per week, may be allowed to participate for more limited hours, but not less than 20 hours per week. In any work week, 50 percent to 80 percent of hours shall be spent in the transitional job and 20 percent to 50 percent of hours shall be spent in education or training, or other services designed to reduce or eliminate any barriers.

''(dd) Program operators shall provide case management services and ensure access to appropriate education, training, and other services, including job accommodation, work supports, and supported employment, as appropriate and consistent with an individual plan that is based on the individual's strengths, resources, priorities, concerns, abilities, capabilities, career interests, and informed choice and that is developed with each participant. The goal of each participant's plan shall focus on preparation for unsubsidized jobs in demand in the local economy which offer the potential for advancement and growth. Services shall also include job placement assistance and retention services, which may include coaching and work place supports, for 12 months after entry into unsubsidized placement. Participants shall also receive support services such as subsidized child care and transportation, on the same basis as those services are made available to recipients of assistance under the State program funded under this part who are engaged in work-related activities.

''(ee) Providers shall work with individual recipients to determine eligibility for other employment-related supports which may include (but are not limited to) supported employment, other vocational rehabilitation services, and programs or services available under the Workforce Investment Act of 1998 (29 U.S.C. 2801 et seq.), or the ticket to work and self-sufficiency program established under section 1148, and, to the extent possible, shall provide transitional employment in collaboration with entities providing, or arranging for the provision of, such other supports.

''(ff) Not more than 20 percent of the placements for a grantee shall be with a private for-profit company, except that such 20 percent limit may be waived by the Secretary for programs in rural areas when the grantee can demonstrate insufficient public and nonprofit worksites. When a placement is made at a private for-profit company, the company shall pay 50 percent of program costs (including wages) for each participant, and the company shall agree, in writing, to hire each participant into an unsubsidized position at the completion of the agreed upon subsidized placement, or sooner, provided that the participant's job performance has been satisfactory. Not more than 5 percent of the workforce of a private for-profit company may be composed of transitional jobs participants.

''(IV) DEFINITION OF TRANSITIONAL JOBS PROGRAM.—In this clause, the term 'transitional jobs program' means a program that is intended to serve current and former recipients of assistance under a State or tribal program funded under this part and other low-income individuals who have been unable to secure employment through job search or other employment-related services because of limited skills, experience, or other barriers to employment.

''(iii) CAPITALIZATION.—To develop capitalization procedures for the delivery of self-sustainable social services.

''(iv) ADMINISTRATIVE EXPENDITURES.—Not more than 5 percent of the funds awarded to an eligible applicant under this paragraph may be used for administrative expenditures incurred in carrying out the activities described in clause (i), (ii), or (iii) or for expenditures related to carrying out the assessments and reports required under subparagraph (H).

''(F) DEFINITION OF ELIGIBLE INDIVIDUAL.—In this paragraph, the term 'eligible individual' means—

''(i) an individual who is a parent who is a recipient of assistance under a State or tribal program funded under this part;

''(ii) an individual who is a parent who has ceased to receive assistance under such a State or tribal program;

''(iii) an individual who is at risk of receiving assistance under a State or tribal program funded under this part;

''(iv) an individual with a disability; or

''(v) a noncustodial parent who is unemployed, or is having difficulty in paying child support obligations, including such a parent who is a former criminal offender.

''(G) APPLICATION.—Each eligible applicant desiring a grant under this paragraph shall submit an application to the Secretaries at such time, in such manner, and accompanied by such information as the Secretaries may require.

''(H) ASSESSMENTS AND REPORTS BY GRANTEES.—

''(i) IN GENERAL.—An eligible applicant that receives a grant under this paragraph shall assess and report on the outcomes of programs funded under the grant, including the identity of each program operator, demographic information about each participant, including education level, literacy level, prior work experience and identified barriers to employment, the nature of education, training, or other services received by the participant, the reason for the participant's leaving the program, and outcomes related to the placement of the participant in an unsubsidized job, including 1-year employment retention, wage at placement, benefits, and earnings progression, as specified by the Secretaries.

''(ii) ASSISTANCE.—The Secretaries shall—

''(I) assist grantees in conducting the assessment required under clause (i) by making available where practicable low-cost means of tracking the labor market outcomes of participants; and

''(II) encourage States to provide such assistance.

''(I) APPLICATION TO REQUIREMENTS OF THE STATE PROGRAM.—

''(i) WORK PARTICIPATION REQUIREMENTS.—With respect to any month in which a recipient of assistance under a State or tribal program funded under this part who satisfactorily participates in a business linkage or transitional jobs program described in subparagraph (E) that is paid for with funds made available under a grant made under this paragraph, such participation shall be considered to satisfy the work participation requirements of section 407 and be included for purposes of determining monthly participation rates under subsection (b)(1)(B)(i) of that section.

''(ii) PARTICIPATION NOT CONSIDERED ASSISTANCE.—A benefit or service provided with funds made available under a grant made under this paragraph shall not be considered assistance for any purpose under a State or tribal program funded under this part.

''(J) ASSESSMENTS BY THE SECRETARIES.—

''(i) RESERVATION OF FUNDS.—Of the amount appropriated under subparagraph (L) for each of fiscal years 2004 and 2005, $3,000,000 of such amount for each such fiscal year is reserved for use by the Secretaries to prepare an interim and final report summarizing and synthesizing outcomes and lessons learned from the programs funded through grants awarded under this paragraph.

''(ii) INTERIM AND FINAL ASSESSMENTS.—With respect to the reports prepared under clause (i), the Secretaries shall submit—

''(I) the interim report not later than 4 years after the date of enactment of the Business Links Act of 2003; and

''(II) the final report not later than 6 years after such date of enactment.

''(K) EVALUATIONS.—

''(i) RESERVATION OF FUNDS.—Of the amount appropriated under subparagraph (L) for a fiscal year, an amount equal to 1.5 percent of such amount for each such fiscal year shall be reserved for use by the Secretaries to conduct evaluations in accordance with the requirements of clause (ii).

''(ii) REQUIREMENTS.—The Secretaries—

''(I) shall develop a plan to evaluate the extent to which programs funded under grants made under this paragraph have been effective in promoting sustained, unsubsidized employment for each group of eligible participants, and in improving the skills and wages of participants in comparison to the participants' skills and wages prior to participation in the programs;

''(II) may evaluate the use of such a grant by a grantee, as the Secretaries deem appropriate, in accordance with an agreement entered into with the grantee after good-faith negotiations; and

''(III) shall include, as appropriate, the following outcome measures in the evaluation plan developed under subclause (I):

''(aa) Placements in unsubsidized employment.

''(bb) Retention in unsubsidized employment 6 months and 12 months after initial placement.

''(cc) Earnings of individuals at the time of placement in unsubsidized employment.

''(dd) Earnings of individuals 12 months after placement in unsubsidized employment.

''(ee) The extent to which unsubsidized job placements include access to affordable employer-sponsored health insurance and paid leave benefits.

''(ff) Comparison of pre- and post-program wage rates of participants.

''(gg) Comparison of pre- and post-program skill levels of participants.

''(hh) Wage growth and employment retention in relation to occupations and industries at initial placement in unsubsidized employment and over the first 12 months after initial placement.

''(ii) Recipient of cash assistance under the State program funded under this part.

''(jj) Average expenditures per participant.

''(iii) REPORTS TO CONGRESS.—The Secretaries shall submit to Congress the following reports on the evaluations of programs funded under grants made under this paragraph:

''(I) INTERIM REPORT.—An interim report not later than 4 years after the date of enactment of the Business Links Act of 2003.

''(II) FINAL REPORT.—A final report not later than 6 years after such date of enactment.

''(L) APPROPRIATION.—

''(i) IN GENERAL.—Out of any money in the Treasury of the United States not otherwise appropriated, there is appropriated for grants under this section, $200,000,000 for each of fiscal years 2004 through 2008.

''(ii) AVAILABILITY.—Amounts appropriated under clause (i) for a fiscal year shall remain available for obligation for 5 fiscal years after the fiscal year in which the amount is appropriated.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 2003.

By Mr. LEAHY (for himself and Mr. KERRY):

S. 787. A bill to provide for the fair treatment of the Federal judiciary relating to compensation and benefits, and to instill greater public confidence in the Federal courts; to the Committee on the Judiciary.

Mr. LEAHY. Mr. President, Senator KERRY and I are pleased to introduce the ''Fair and Independent Judiciary Act of 2003.'' This legislation arises from our belief that we must remain steadfast in our commitment to preserving the vitality of our third branch of government. Ensuring a fair and independent judiciary is critical to preserving the system of checks and balances established in our Constitution. The Fair and Independent Judiciary Act includes measures to respond to the shortfall in real judicial compensation, to repeal the link of judicial pay to congressional pay, to improve survivorship benefits, and to instill greater public confidence in our courts.

The National Commission on Public Service, a blue-ribbon panel of experts headed by Paul Volcker, recently concluded that Congress' budgetary treatment of this co-equal branch threatens its ability to perform its essential mission. This legislation addresses a problem that the Chief Justice has repeatedly brought to our attention—the decline in real judicial salaries.

As a member of both the Senate Judiciary Committee and the Appropriations Subcommittee on Commerce, Justice, State and the Judiciary, I have worked hard to help preserve a fair and independent judiciary. I was very disappointed that the Continuing Resolutions approved by Congress failed to give the Federal judiciary a cost-of-living adjustment, COLA, for fiscal year 2003.

Earlier this year, Senator HATCH and I were joined by Senator DEWINE and Senator SPECTER to cosponsor legislation in the Senate to provide the Federal judiciary with a COLA for the present fiscal year. House Judiciary Chairman SENSENBRENNER was joined by that Committee's Ranking Democratic Member, Congressman CONYERS, and others to introduce identical legislation. Congress eventually passed a measure to give the Judiciary their cost of living adjustment for fiscal year 2003 but this effort failed to compensate the judiciary for many other previously skipped COLAs.

The Fair and Independent Judiciary Act would correct the earlier failures to provide COLAs and prevent this situation from happening again.

It is important to put our budgetary treatment of this co-equal branch in historical context. In 1975, Congress enacted the Executive Salary Cost-of-Living Adjustment Act, intended to give judges, Members of Congress and other high-ranking Executive Branch officials automatic COLAs as accorded other Federal employees unless rejected by Congress. In 1981, Congress enacted Section 140 of Public Law 97–92, mandating specific congressional action to give COLAs to judges.

Five times in the last decade Congress failed to provide the Judiciary with a COLA. We believe that this treatment was unfair to the judiciary and that we should restore their salaries to what they would be had the COLAs been granted. In order to have their salaries reflect the current cost of living we should unlink the salaries of Members of Congress and Members of the Judiciary by repealing Section 140.

In their thorough report, the Volcker Commission recommended that Congress unlink judicial salaries from those of Members of Congress. The Commission explained that due to ''the reluctance of members of Congress to risk the disapproval of their constituents . . . Congress has regularly permitted salaries to fall substantially behind cost-of-living increases.'' Urgent Business for America: Revitalizing the Federal Government for the 21st Century, January 2003, Recommendation 10. Therefore, the Commission found that ''executive and judicial salaries must be determined by procedures that tie them to the needs of the government, not the career-related political exigencies of members of Congress.''

The Fair and Independent Judiciary Act would restore the skipped cost of living adjustments that occurred in 1995, 1996, 1997, 1999 and 2002 so that the salaries of our judges and justices are not outpaced by inflation.

Chief Justice Rehnquist has called judicial pay ''the most pressing issue'' facing the courts.

We look forward to Senate consideration of the Fair and Independent Judiciary Act to restore previously skipped cost of living adjustments for the Justices and judges of the United States. We hope we can all work together to preserve the vitality of our third branch of government and to instill even greater confidence in our federal courts.

I ask unanimous consent that the January 6, 2003 editorial from the Washington Post, and the text of the bill be printed in the RECORD.

There being no objection, the bill and additional material was ordered to be printed in the RECORD, as follows:

MR. REHNQUIST'S PLEAS

Chief Justice William H. Rehnquist made two pleas in his year-end report. Neither is much of a surprise, because on both judicial salaries and the process by which judges get nominated and confirmed Mr. Rehnquist has spoken before. Yet familiarity should not obscure the importance of the subjects. The chief justice is correct, and the failure year after year of the political branches to remedy the problems of which he complains is harmful.

Mr. Rehnquist once again stressed that the need to increase judicial salaries is ''the most pressing issue'' facing the courts. There is something demeaning about the chief justice of the United States having to beg for the same cost-of-living adjustments for judges that other federal employees get as a matter of course. Congress's frequent failure in recent years to increase judicial compensation contravenes the promise it made in 1989, when it banned judges from making outside income and promised regular raises in exchange. Between 1969 and 2000, according to one study, real salaries for lower-court judges declined by 25 percent. And while judges got a raise last year, this year's cost-of-living increase is, Mr. Rehnquist notes, very much in doubt.

The problem is that Congress has irrationally linked judicial pay to the salaries of members of Congress, who face a political problem whenever they seek to jack up their own paychecks. The judges end up hostage to congressional cowardice. This disparity between their salaries and other lawyer compensation is enormous and growing. This encourages judges to leave the bench, and provides a substantial disincentive for first-rate people to become federal judges in the first place.

Mr. Rehnquist also gave a timely reminder that the judicial nominations process needs work. The chief justice is one of the few people who has advocated for a reasonable process irrespective of which party controls the presidency or the Senate. So Mr. Rehnquist speaks with unusual moral authority on this subject. And while he notes approvingly the 100 judges the 107th Congress confirmed, he warns that the problem has not gone away. Having unified government may temporarily ease the vacancy problem, he writes, but 'there will come a time when [unified government] is not the case, and the judiciary will again suffer the delays of a drawn-out confirmation process.'' Mr. Rehnquist rightly urged that the political branches use this respite to ''fix the underlying problems that have bogged down the . . . process for so many years.'' On both pay and nominations, one can only wonder how many more years the chief justice will have to repeat himself before reason prevails.

S. 787

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Fair and Independent Federal Judiciary Act of 2003''.

SEC. 2. SALARY ADJUSTMENTS.

(a) RESTORATION OF STATUTORY COST-OF-LIVING ADJUSTMENTS.—The annual salaries for justices and judges are the following:

(1) Chief Justice of the Supreme Court, $211,300.

(2) Associate Justices of the Supreme Court, $202,100.

(3) Judges, Court of Appeals, $174,600.

(4) Judges, Court of Military Appeals, $174,600.

(5) Judges, District Court, $164,700.

(6) Judges, Court of Federal Claims, $164,700.

(7) Judges, Court of International Trade, $164,700.

(8) Judges, Tax Court, $164,700.

(9) Judges, Bankruptcy, $151,524.

(b) EFFECTIVE DATE.—This section shall take effect on the first day of the first applicable pay period beginning on or after the date of enactment of this Act.

SEC. 3. REPEAL OF ANNUAL CONGRESSIONAL AUTHORIZATION FOR COST OF LIVING ADJUSTMENT.

Section 140 of Public Law 97–92 (28 U.S.C. 461 note) is repealed.

SEC. 4. SURVIVOR BENEFITS UNDER JUDICIAL SYSTEM AND OTHER SYSTEMS.

(a) CREDITABLE YEARS OF SERVICE.—Section 376 of title 28, United States Code, is amended—

(1) in subsection (k)(3), by striking the colon through ''this section''; and

(2) in subsection (r), by striking the colon through ''other annuity''.

(b) NOTIFICATION PERIOD FOR SURVIVOR ANNUITY COVERAGE.—

(1) IN GENERAL.—Section 376 (a)(1) of title 28, United States Code, is amended in the matter following subparagraph (G) by striking ''six months'' and inserting ''1 year''.

(2) EFFECTIVE DATE.—This subsection shall take effect on the date of enactment of this Act and apply only to written notifications

received by the Director of the Administrative Office of the United States Courts after the dates described under clause (i) or (ii) in the matter following subparagraph (G) of section 376 (a)(1) of title 28, United States Code.

SEC. 5. CITIZENS' COMMISSION ON PUBLIC SERVICE AND COMPENSATION.

(a) APPOINTMENTS.—

(1) IN GENERAL.—Not later than 60 days after the date of enactment of this Act, the President shall appoint members to the Citizens' Commission on Public Service and Compensation under section 225 of the Federal Salary Act of 1967 (2 U.S.C. 351 et seq.).

(2) MEMBERSHIP.—Section 225(b) of the Federal Salary Act of 1967 (2 U.S.C. 352) is amended—

(A) by striking paragraph (1) and inserting the following:

''(1) The Commission shall be composed of 11 members, who shall be appointed from private life by the President. No more than 6 members of the Commission may be affiliated with the same political party.'';

(B) by striking paragraph (4); and

(C) by redesignating paragraphs (5) through (8) as paragraphs (4) through (7), respectively.

(3) QUADRENNIAL APPLICATION.—Section 225(b)(8)(B) of the Federal Salary Act of 1967 (2 U.S.C. 352(8)(B)), is amended in the first sentence by striking ''1993'' each place that term appears and inserting ''2006'' in each such place.

(b) REPORT.—The Citizens' Commission on Public Service and Compensation shall prepare a report in accordance with section 225 of the Federal Salary Act of 1967 (2 U.S.C. 351 et seq.) with respect to fiscal year 2003 and every fourth fiscal year thereafter.

SEC. 6. JUDICIAL EDUCATION FUND.

(a) ESTABLISHMENT.—Chapter 42 of title 28, United States Code, is amended by adding at the end the following:

''§ 630. Judicial Education Fund

''(a) In this section, the term—

''(1) 'institution of higher education' has the meaning given under section 101(a) of the Higher Education Act of 1965 (20 U.S.C. 1001(a));

''(2) 'private judicial seminar'—

''(A) means a seminar, symposia, panel discussion, course, or a similar event that provides continuing legal education to judges; and

''(B) does not include—

''(i) seminars that last 1 day or less and are conducted by, and on the campus of, an institute of higher education;

''(ii) seminars that last 1 day or less and are conducted by national bar associations or State or local bar associations for the benefit of the bar association membership; or

''(iii) seminars of any length conducted by, and on the campus of an institute of higher education or by national bar associations or State or local bar associations, where a judge is a presenter and at which judges constitute less than 25 percent of the participants;

''(3) 'national bar association' means a national organization that is open to general membership to all members of the bar; and

''(4) 'State or local bar association' means a State or local organization that is open to general membership to all members of the bar in the specified geographic region.

''(b) There is established within the United States Treasury a fund to be known as the 'Judicial Education Fund' (in this section referred to as the 'Fund').

''(c) Amounts in the Fund may be made available for the payment of necessary expenses, including reasonable expenditures for transportation, food, lodging, private judicial seminar fees and materials, incurred by a judge or justice in attending a private judicial seminar approved by the Board of the Federal Judicial Center. Necessary expenses shall not include expenditures for recreational activities or entertainment other than that provided to all attendees as an integral part of the private judicial seminar. Any payment from the Fund shall be approved by the Board.

''(d) The Board may approve a private judicial seminar after submission of information by the sponsor of that private judicial seminar that includes—

''(1) the content of the private judicial seminar (including a list of presenters, topics, and course materials); and

''(2) the litigation activities of the sponsor and the presenters at the private judicial seminar (including the litigation activities of the employer of each presenter) on the topic related to those addressed at the private judicial seminar.

''(e) If the Board approves a private judicial seminar, the Board shall make the information submitted under subsection (d) relating to the private judicial seminar available to judges and the public by posting the information on the Internet.

''(f) The Judicial Conference shall promulgate guidelines to ensure that the Board only approves private judicial seminars that are conducted in a manner so as to maintain the public's confidence in an unbiased and fair-minded judiciary.

''(g) There are authorized to be appropriated for deposit in the Fund $2,000,000 for each of fiscal years 2003, 2004, and 2005, to remain available until expended.''.

(b) TECHNICAL AND CONFORMING AMENDMENT.—The table of sections for chapter 42 of title 28, United States Code, is amended by adding at the end the following:

''630. Judicial Education Fund.''.

SEC. 7. PRIVATE JUDICIAL SEMINAR GIFTS PROHIBITED.

(a) DEFINITIONS.—In this section, the term—

(1) ''institution of higher education'' has the meaning given under section 101(a) of the Higher Education Act of 1965 (20 U.S.C. 1001(a));

(2) ''private judicial seminar''—

(A) means a seminar, symposia, panel discussion, course, or a similar event that provides continuing legal education to judges; and

(B) does not include—

(i) seminars that last 1 day or less and are conducted by, and on the campus of, an institute of higher education;

(ii) seminars that last 1 day or less and are conducted by national bar associations or State or local bar associations for the benefit of the bar association membership; or

(iii) seminars of any length conducted by, and on the campus of an institute of higher education or by national bar associations or State or local bar associations, where a judge is a presenter and at which judges constitute less than 25 percent of the participants.

(3) ''national bar association'' means a national organization that is open to general membership to all members of the bar; and

(4) ''State or local bar association'' means a State or local organization that is open to general membership to all members of the bar in the specified geographic region.

(b) IN GENERAL.—Not later than 240 days after the date of enactment of this Act, the Judicial Conference of the United States shall promulgate regulations to apply section 7353(a) of title 5, United States Code, to prohibit the solicitation or acceptance of anything of value in connection with a private judicial seminar.

(c) EXCEPTION.—The prohibition under the regulations promulgated under subsection (b) shall not apply if—

(1) the judge participates in a private judicial seminar as a speaker, panel participant, or otherwise presents information;

(2) Federal judges are not the primary audience at the private judicial seminar; and

(3) the thing of value accepted is—

(A) reimbursement from the private judicial seminar sponsor of reasonable transportation, food, or lodging expenses on any day on which the judge speaks, participates, or presents information, as applicable;

(B) attendance at the private judicial seminar on any day on which the judge speaks, participates, or presents information, as applicable; or

(C) anything excluded from the definition of a gift under regulations of the Judicial Conference of the United States under sections 7351 and 7353 of title 5, United States Code, as in effect on the date of enactment of this Act.

SEC. 8. RECUSAL LISTS.

Section 455 of title 28, United States Code, is amended by adding at the end the following:

''(g)(1) Each justice, judge, and magistrate of the United States shall maintain a list of all financial interests that would require disqualification under subsection (b)(4).

''(2) Each list maintained under paragraph (1) shall be made available to the public at the office of the clerk for the court at which a justice, judge, or magistrate is assigned.''.

SEC. 9. AVOIDING IMPROPRIETY AND THE APPEARANCE OF IMPROPRIETY IN ALL ACTIVITIES.

In accordance with the Code of Conduct for United States Judges, a judge must avoid all impropriety and appearance of impropriety. The prohibition against behaving with impropriety applies to both the professional and personal conduct of a judge. Therefore, a judge should not hold membership in any organization, except for religious or fraternal organizations, that practices discrimination on the basis of race, gender, religion, or national origin.

By Mr. HOLLINGS (for himself, Mr. BROWNBACK, Mr. ROCKEFELLER, Mr. INOUYE, Ms. CANTWELL, and Mr. KERRY):

S. 788. A bill to enable the United States to maintain its leadership in aeronautics and aviation; to the Committee on Commerce, Science, and Transportation.

Mr. HOLLINGS. Mr. President, I rise today to address a crucial issue that is affecting our competitiveness in the world economy. Since that first flight in 1903 when the Wright brothers took off on our great journey, the United States has piloted the course of aerospace and aviation technology development. Now that leading role is being threatened. The European Union has embarked on an ambitious plan to dominate the industry that historically we have led. Last year, for the first time, Airbus surpassed Boeing, by grabbing 54 percent of the market share in terms of aircraft units.

Air travel is critical to our competitiveness in the global economy. The movement of passengers and goods throughout our nation feeds American business and keeps us close to our families and friends. The impact of civil aviation on the U.S. economy exceeds $900 billion a year, which is 9 percent of

the Gross National Product. In terms of jobs, civil aviation employs 11 million Americans. We can not sit idle as this important industry is threatened.

To compete we must have the most advanced and safest technology; yet the Air Traffic Management System in the United States is still reliant on ground-based technology that was developed over 30 years ago. Congress, FAA, NASA and the aviation industry must work together to update this system to accommodate future aviation demand and to take advantage of satellite navigation and advances in aircraft avionics. Historically upgrades to air traffic management have been slow and often come in over budget. We must focus on creating the next generation of air traffic management technology in a more efficient and effective manner that will enhance safety and increase capacity.

Aerospace and aviation advancement are also dependent upon a well-trained and skilled workforce. According to the Commission Report on Aerospace, 26 percent of the science, engineering and manufacturing workforce will be eligible to retire in the next five years. New entrants to the aerospace industry are at a historical low as the number of layoffs have increased. In order to maintain our dominance in aerospace, we must continue to foster a qualified workforce.

Our international competitors have been persistent in providing government support to aerospace research and aeronautical advancement. The subsidies offered by our foreign competitors, hinder the U.S. companies that often bear the majority of the burden for research and development. In order to give our companies a competitive advantage and to ensure that advances in aviation and aerospace technology continue, Congress must invest ample resources in fundamental aeronautical research. The President's FY 04 budget proposal cuts investment in FAA and NASA research, engineering and development. This will only hasten our descent in this industry. During this time of competing interests for the Federal dollar we cannot be too quick to divest ourselves from needed research that will renew our aviation business and maintain our global dominance.

To turn an idea into a product, the process is often tedious and long. NASA and FAA must promote technological advancement and enable American industry to bring their products to market. Collaboration with government and industry is critical to ensure that research efforts lead to viable products that will enhance our aerospace and aviation industry.

As we reflect on the last 100 years of advancement in the aviation and aerospace fields we cannot help to be proud of our accomplishments. But, we cannot afford to be content with those successes. We must look higher, faster, and farther than we have before—that is the American prerogative. And so with the help of my colleagues Senators BROWNBACK, ROCKEFELLER, INOUYE, CANTWELL and KERRY, I have crafted legislation to increase aeronautical research, nurture our industry's workforce, and ensure a collaborative partnership between government and private industry with the goal of ensuring the ''Second Century of Flight'' is as exciting and awe inspiring as the first.

By Mr. Nelson of Florida (for himself and Mrs. BOXER):

S. 789. A bill to change the requirements for naturalization through service in the Armed Forces of the United States; to the Committee on the Judiciary.

Mr. NELSON, of Florida. Mr. President, I rise on behalf of myself and Mrs. BOXER to introduce the Citizenship for Service Members Act of 2003. This legislation reduces the waiting period for service members during peace time from 3 years to 2 years, waives all fees related to naturalization, and allows for naturalization proceedings to occur overseas.

Everyday now we see our young men and women fighting and dying in Iraq and Afghanistan to protect freedom and democracy. One of the strengths of our military has always been its diversity. From the birth of our Nation, our military has attracted people from all walks of life including people who have immigrated to the United States to pursue freedom, prosperity, and security.

Young men and women join the military in the hopes of achieving a better life while serving our country in the most difficult and honorable way. These young people enjoy various benefits for volunteering to protect American citizens such as assistance with college tuition, a secure and rewarding career in the military, and for some, the hope of gaining American citizenship.

Non-citizens fighting in our military side by side with American citizens is a tradition that dates back to the Civil War, when recently arrived Irish immigrants fought for the Union. After World Wars I and II over 140,000 legal permanent resident participants gained citizenship. Currently there are 3,400 legal permanent residents in the Marines alone who have been deployed overseas. Further, Miami, FL and Los Angeles, CA contribute the second and third highest number of legal permanent residents to the military.

Under current law, in the absence of an Executive Order eliminating the time of service requirement altogether, men and women may apply for citizenship after completing three years of service. This legislation would shorten that period to 2 years making it more likely that the service member will gain citizenship prior to finishing his first enlistment. Additionally, this legislation waives all fees related to naturalization eliminating a possible financial barrier. Finally, this bill allows for service members to complete the naturalization process overseas eliminating the sometimes unnecessarily lengthy and expensive trips back to the United States.

Citizenship is a momentous honor and the ultimate goal of nearly every person who immigrates to the United States. Naturalization is especially critical to the thousands of young men and women who are placing their lives at risk every day to defend the citizens and ideals of the United States. These men and women desire citizenship so that they can become a recognized member of the country that they have chosen to defend.

In addition, citizenship confers certain benefits upon servicemen and women. For example, while a legal permanent resident may enlist in the United States military, he or she is barred from becoming a commissioned officer, obtaining positions that require security clearances, becoming a part of any aircrews or rising to the level of special operations.

We continue to see the great sacrifices these young men and women make on a daily basis. There is no greater show of patriotism than to join our armed forces and fight under the American flag. Over 30,000 men and women from countries ranging from Canada to Japan to Cuba have volunteered to put their lives on the line to defend the United States. We owe it to these brave men and women to help them obtain the citizenship they have clearly earned.

I ask unanimous consent that the text of this legislation be printed in the RECORD.

There being no objection, the text of the bill was ordered to be printed in the RECORD, as follows:

S. 789

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Citizenship for Servicemembers Act of 2003''.

SEC. 2. REQUIREMENTS FOR NATURALIZATION THROUGH SERVICE IN THE ARMED FORCES OF THE UNITED STATES.

(a) REDUCTION OF PERIOD FOR REQUIRED SERVICE.—Section 328(a) of the Immigration and Nationality Act (8 U.S.C. 1439(a)) is amended by striking ''three years'' and inserting ''2 years''.

(b) PROHIBITION ON IMPOSITION OF FEES RELATING TO NATURALIZATION.—Title III of the Immigration and Nationality Act (8 U.S.C. 301 et seq.) is amended—

(1) in section 328(b)—

(A) in paragraph (3)—

(i) by striking ''honorable. The'' and inserting ''honorable (the''; and

(ii) by striking ''discharge.'' and inserting ''discharge); and''; and

(B) by adding at the end the following:

''(4) notwithstanding any other provision of law, no fee shall be charged or collected from the applicant for filing a petition for naturalization or for the issuance of a certificate of naturalization upon citizenship being granted to the applicant, and no clerk of any State court shall charge or collect any fee for such services unless the laws of the State require such charge to be made, in

which case nothing more than the portion of the fee required to be paid to the State shall be charged or collected.''; and

(2) in section 329(b)—

(A) in paragraph (2), by striking ''and'' at the end;

(B) in paragraph (3), by striking the period at the end and inserting ''; and''; and

(C) by adding at the end the following:

''(4) notwithstanding any other provision of law, no fee shall be charged or collected from the applicant for filing a petition for naturalization or for the issuance of a certificate of naturalization upon citizenship being granted to the applicant, and no clerk of any State court shall charge or collect any fee for such services unless the laws of the State require such charge to be made, in which case nothing more than the portion of the fee required to be paid to the State shall be charged or collected.''.

(c) NATURALIZATION PROCEEDINGS OVERSEAS FOR MEMBERS OF THE ARMED FORCES.—Notwithstanding any other provision of law, the Secretary of Homeland Security, the Secretary of State, and the Secretary of Defense shall ensure that any applications, interviews, filings, oaths, ceremonies, or other proceedings under title III of the Immigration and Nationality Act (8 U.S.C. 301 et seq.) relating to naturalization of members of the Armed Forces are available through United States embassies, consulates, and as practicable, United States military installations overseas.

(d) TECHNICAL AND CONFORMING AMENDMENT.—Section 328(b)(3) of the Immigration and Nationality Act (8 U.S.C. 1439(b)(3)) is amended by striking ''Attorney General'' and inserting ''Secretary of Homeland Security''.

By Mr. LUGAR:

S. 790. A bill to authorize appropriations for the Department of State for fiscal years 2004 and 2005, to authorize appropriations under the Arms Export Control Act and the Foreign Assistance Act of 1961 for security assistance for fiscal years 2004 and 2005, and for other purposes; to the Committee on Foreign Relations.

Mr. LUGAR. Mr. President, by request, I introduce for appropriate reference a bill entitled the Foreign Relations Authorization Act, Fiscal Years 2004 and 2005.

This proposed legislation has been requested by the Department of State and I am introducing it in order that there may be a specific bill to which Members of the Senate and the public may direct their attention and comments.

I reserve my right to support or oppose this bill, as well as to make any suggested amendments to it, when the matter is considered by the Committee on Foreign Relations.

I ask unanimous consent that the bill be printed in the RECORD, together with a section-by-section analysis of the bill and the letter from the Assistant Secretary of State for Legislative Affairs dated April 2, 2003.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Foreign Relations Authorization Act, Fiscal Years 2004 and 2005.''

SEC. 2. ORGANIZATION OF ACT INTO TITLES; TABLE OF CONTENTS.

(a) TITLES.—This Act is organized into eight Titles as follows:

TITLE I—AUTHORIZATION OF APPROPRIATIONS

TITLE II—DEPARTMENT OF STATE AUTHORITIES AND ACTIVITIES

TITLE III—ORGANIZATION AND PERSONNEL OF THE DEPARTMENT OF STATE

TITLE IV—INTERNATIONAL ORGANIZATIONS

TITLE V—SUPPORTING THE WAR ON TERRORISM

TITLE VI—SECURITY ASSISTANCE

TITLE VII—INTERNATIONAL PARENTAL CHILD ABDUCTION PREVENTION ACT OF 2003

TITLE VIII—MISCELLANEOUS PROVISIONS

Subtitle A—Streamlining Reporting Requirements

Subtitle B—Other Matters

(b) The table of contents for this Act is as follows:

TITLE I—AUTHORIZATION OF APPROPRIATIONS

SEC. 101. ADMINISTRATION OF FOREIGN AFFAIRS.

The following amounts are authorized to be appropriated for the Department of State under ''Administration of Foreign Affairs'' to carry out the authorities, functions, duties, and responsibilities in the conduct of foreign affairs of the United States and for other purposes authorized by law:

(1) DIPLOMATIC AND CONSULAR PROGRAMS.—For ''Diplomatic and Consular Programs'' of the Department of State $4,163,544,000 for the fiscal year 2004, and such sums as may be necessary for the fiscal year 2005.

(A) WORLDWIDE SECURITY UPGRADES.—Of the amounts authorized to be appropriated by subparagraph (1), $646,701,000 for the fiscal year 2004, and such sums as may be necessary for the fiscal year 2005 are authorized to be appropriated only for worldwide security upgrades.

(2) CAPITAL INVESTMENT FUND.—For ''Capital Investment Fund'' of the Department of State, $157,000,000 for the fiscal year 2004, and such sums as may be necessary for the fiscal year 2005.

(3) EMBASSY SECURITY, CONSTRUCTION AND MAINTENANCE.—For ''Embassy Security, Construction and Maintenance,'' $1,514,400,000 for the fiscal year 2004, and such sums as may be necessary for fiscal year 2005.

(4) EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS.—For ''Educational and Cultural Exchange Programs,'' $345,346,000 for the fiscal year 2004, and such sums as may be necessary for fiscal year 2005.

(5) REPRESENTATION ALLOWANCES.—For ''Representation Allowances,'' $9,000,000 for the fiscal year 2004, and such sums as may be necessary for fiscal year 2005.

(6) PROTECTION OF FOREIGN MISSIONS AND OFFICIALS.—For ''Protection of Foreign Missions and Officials,'' $10,000,000 for the fiscal year 2004 and such sums as may be necessary for the fiscal year 2005.

(7) EMERGENCIES IN THE DIPLOMATIC AND CONSULAR SERVICE.—For ''Emergencies in the Diplomatic and Consular Service,'' $1,000,000 for the fiscal year 2004, and such sums as may be necessary for the fiscal year 2005.

(8) REPATRIATION LOANS.—For ''Repatriation Loans,'' $1,219,000 for the fiscal year 2004, and such sums as may be necessary for the fiscal year 2005.

(9) PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN.—For ''Payment to the American Institute in Taiwan,'' $19,773,000 for the fiscal year 2004, and such sums as may be necessary for fiscal year 2005.

(10) OFFICE OF THE INSPECTOR GENERAL.—For ''Office of the Inspector General,'' $31,703,000 for the fiscal year 2004, and such sums as may be necessary for the fiscal year 2005.

SEC. 102. INTERNATIONAL ORGANIZATIONS AND CONFERENCES.

(a) ASSESSED CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS.—There are authorized to be appropriated for ''Contributions to International Organizations,'' $1,010,463,000 for the fiscal year 2004 and such sums as may be necessary for the fiscal year 2005, for the Department of State to carry out the authorities, functions, duties, and responsibilities in the conduct of the foreign affairs of the United States with respect to international organizations and to carry out other authorities in law consistent with such purposes.

(b) CONTRIBUTIONS FOR INTERNATIONAL PEACEKEEPING ACTIVITIES.—There are authorized to be appropriated for ''Contributions for International Peacekeeping Activities,'' $550,200,000 for the fiscal year 2004, and such sums as may be necessary for the fiscal year 2005, for the Department of State to carry out the authorities, functions, duties, and responsibilities of the United States with respect to international peacekeeping activities and to carry out other authorities in law consistent with such purposes. Funds appropriated pursuant to this paragraph are authorized to be available until expended.

(c) FOREIGN CURRENCY EXCHANGE RATES.—In addition to amounts authorized to be appropriated by subsection (a), there are authorized to be appropriated such sums as may be necessary for each of the fiscal years 2004 and 2005 to offset adverse fluctuations in foreign currency exchange rates. Amounts appropriated under this subsection shall be available for obligation and expenditure only to the extent that the Director of the Office of Management and Budget determines and certifies to Congress that such amounts are necessary due to such fluctuations.

SEC. 103. INTERNATIONAL COMMISSIONS.

The following amounts are authorized to be appropriated under ''International Commissions'' for the Department of State to carry out the authorities, functions, duties, and responsibilities in the conduct of the foreign affairs of the United States and for other purposes authorized by law:

(a) INTERNATIONAL BOUNDARY AND WATER COMMISSION, UNITED STATES AND MEXICO.—For ''International Boundary and Water Commission, United States and Mexico''—

(1) for ''Salaries and Expenses,'' $31,562,000 for the fiscal year 2004, and such sums as may be necessary for the fiscal year 2005; and

(2) for ''Construction,'' $8,901,000 for the fiscal year 2004, and such sums as may be necessary for the fiscal year 2005;

(b) INTERNATIONAL BOUNDARY COMMISSION, UNITED STATES AND CANADA.—For ''International Boundary Commission, United States and Canada,'' $1,261,000 for the fiscal year 2004 and such sums as may be necessary for the fiscal year 2005.

(c) INTERNATIONAL JOINT COMMISSION.—For ''International Joint Commission,'' $7,810,000 for the fiscal year 2004 and such sums as may be necessary for the fiscal year 2005.

(d) INTERNATIONAL FISHERIES COMMISSIONS.—For ''International Fisheries Commissions,'' $20,043,000 for the fiscal year 2004 and such sums as may be necessary for the fiscal year 2005.

SEC. 104. MIGRATION AND REFUGEE ASSISTANCE.

There are authorized to be appropriated for ''Migration and Refugee Assistance'' for authorized activities $760,197,000 for the fiscal year 2004 and such sums as may be necessary for the fiscal year 2005.

SEC. 105. CENTERS AND FOUNDATIONS.

(a) ASIA FOUNDATION.—There are authorized to be appropriated for ''The Asia Foundation'' for authorized activities, $9,250,000 for the fiscal year 2004 and such sums as may be necessary for the fiscal year 2005.

(b) NATIONAL ENDOWMENT FOR DEMOCRACY.—There are authorized to be appropriated for the ''National Endowment for Democracy'' for authorized activities, $36,000,000 for the fiscal year 2004 and such sums as may be necessary for the fiscal year 2005.

(c) CENTER FOR CULTURAL AND TECHNICAL INTERCHANGE BETWEEN EAST AND WEST.—There are authorized to be appropriated for the ''Center for Cultural and Technical Interchange Between East and West'' for authorized activities, $14,280,000 for the fiscal year 2004 and such sums as may be necessary for the fiscal year 2005.

TITLE II—DEPARTMENT OF STATE AUTHORITIES AND ACTIVITIES

SEC. 201. REIMBURSEMENT RATE FOR AIRLIFT SERVICES PROVIDED TO THE DEPARTMENT OF STATE.

Section 2642(a) of Title 10 (10 U.S.C. 2642(a)) is amended by inserting ''or the Department of State'' after ''Central Intelligence Agency''.

SEC. 202. GRANT AUTHORITY TO PROMOTE BIOTECHNOLOGY.

The Secretary of State is authorized to support, by grants, cooperative agreements or contract, outreach and public diplomacy activities regarding the benefits of agricultural biotechnology, science-based regulatory systems, and the application of the technology for trade and development. Except as otherwise specifically authorized, the total amount of grants made in any one fiscal year pursuant to this authority shall not exceed $500,000.

SEC. 203. IMMEDIATE RESPONSE FACILITIES.

(a) Section 604(b) of the Secure Embassy Construction and Counterterrorism Act of 1999 (P.L. 106–113, 22 U.S.C. 4865 note) is amended by:

(1) redesignating subsection (b)(1) as ''(b)(1)(A)'' and by redesignating subsection (b)(2) as ''(b)(1)(B)''; and

(2) by deleting the period after the words ''set forth in section 606'' at the end of subsection (b), and adding the following: ''; or

''(2) providing facilities to support immediate response efforts in times of emergency.''

(b) The Foreign Service Buildings Act of 1926 (P.L. 69–186, 22 U.S.C. 292 et seq.) is amended by adding the following new section at the end:

''SEC. 13. Of the amounts appropriated to carry out the Foreign Service Buildings Act of 1926 and the Secure Embassy Construction and Counterterrorism Act 10 of 1999, not to exceed $15,000,000 in any fiscal year may be made available to provide immediate response diplomatic facilities through a reprogramming of funds, notwithstanding any advance congressional notification requirements contained in any other law. In the case of any such reprogramming that would otherwise be subject to a requirement of advance congressional notification, notification to the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Committee on International Relations and the Committee on Appropriations of the House of Representatives shall be provided as soon as practicable, but not later than 3 days after the obligation or expenditure of such funds and shall contain an explanation of the circumstances requiring the deployment of immediate response facilities.''

SEC. 204. MINE ACTION PROGRAMS GRANT AUTHORITY.

The Secretary of State is authorized to support public-private partnerships for mine action programs by grant, cooperative agreement, or contract. Except as otherwise specifically authorized, the total amount of grants made in any one fiscal year pursuant to this authority shall not exceed $450,000.

SEC. 205. THE U.S. DIPLOMACY CENTER.

Title I of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2651a et. seq.) is amended by adding the following new section:

''SEC. 59. THE U.S. DIPLOMACY CENTER.

''(a) ACTIVITIES.—

''(1) The Secretary of State is authorized to provide—by contract, grant or otherwise—for appropriate museum visitor and educational outreach services, including but not limited to, organizing conference activities, museum shop, and food services, in the public exhibit and related space utilized by the U.S. Diplomacy Center (''USDC'') program.

''(2) The Secretary of State may pay all reasonable expenses of conference activities conducted by the USDC, including refreshments and travel of participants.

''(3) Any revenues generated under the authority of paragraph (1) for visitor services may be retained and credited to any appropriate Department of State appropriation to recover the costs of operating the USDC.

''(b) DISPOSITION OF USDC ARTIFACTS AND MATERIALS.—

''(1) All historic documents, artifacts or other articles permanently acquired by the Department of State and determined by the Secretary of State to be suitable for display in the USDC shall be considered to be the

property of the Secretary in his or her official capacity and shall be subject to disposition solely in accordance with this subsection.

''(2) SALE OR TRADE—Whenever the Secretary of State or his/her designee determines that—

''(A) any item covered by paragraph (1) no longer serves to further the purposes of the USDC as established in the Collections Management Policy, or

''(B) in order to maintain the standards of the collections of the USDC, a better use of that article would be its sale or exchange,

''the Secretary may sell the item at fair market value, trade, or transfer it, without regard to the requirements of the Federal Property and Administrative Services Act of 1949. The proceeds of any such sale may be used solely for the advancement of the USDC's mission; in no event shall proceeds be used for anything other than acquisition or direct care of collections.

''(3) LOANS—The Secretary of State may also lend items covered by paragraph (1), when not needed for use or display in the USDC, to the Smithsonian Institution or a similar institution for repair, study, or exhibition.''

(c) Except as may be identified subject to reprogramming procedures, the Bureau of Public Affairs may not expend more than $950,000 for fiscal year 2004, and such sums as may be necessary for fiscal year 2005, for the U.S. Diplomacy Center.

SEC. 206. PUBLIC AFFAIRS GRANT AUTHORITY.

To the extent that the Secretary of State is otherwise authorized by law to provide for public affairs activities, the Secretary may do so by grant, cooperative agreement, or contract.

TITLE III—ORGANIZATION AND PERSONNEL OF THE DEPARTMENT OF STATE

SEC. 301. COST OF LIVING ALLOWANCES.

Section 5924 of Title 5, United States Code, is amended as follows:

(a) by revising section (4)(A) to read as follows:

''(A) An allowance not to exceed the cost of obtaining such kindergarten, elementary and secondary educational services as are ordinarily provided without charge by the public schools in the United States (including activities required for successful completion of a grade or course and such educational services as are provided by the States under the Individuals with Disabilities Education Act), plus in those cases when adequate schools are not available at the post of the employee, board and room, and periodic transportation between that post and the school chosen by the employee, not to exceed the total cost to the Government of the dependent attending an adequate school in the nearest United States locality where an adequate school is available, without regard to section 3324(a) and (b) of title 31. When travel from school to post is infeasible, travel may be allowed between the school attended and the home of a designated relative or family friend or to join a parent at any location, with the allowable travel expense not to exceed the cost of travel between the school and post. The amount of the allowance granted shall be determined on the basis of the educational facility used.''

(b) by revising section (4)(B) to read as follows:

''(B) The travel expenses of dependents of an employee to and from a secondary, post-secondary or post-baccalaureate educational institution, not to exceed one annual trip each way for each dependent. An allowance payment under subparagraph (A) of this paragraph (4) may not be made for a dependent during the 12 months following his arrival at the selected educational institution under authority contained in this subparagraph (B).'', and

(c) by inserting a new section 4(C) as follows:

''(C) Allowances provided pursuant to subparagraphs (A) and (B) above may include, at the election of the employee and in lieu of transportation thereof, payment or reimbursement of the costs incurred to store the baggage at or in the vicinity of the school during the dependent's annual trip between the school and the employee's duty station, provided that such payment or reimbursement may not exceed the cost that the Government would incur to transport the baggage with the dependent in connection with the annual trip.''

SEC. 302. WAIVER OF ANNUITY LIMITATIONS ON RE-EMPLOYED FOREIGN SERVICE ANNUITANTS.

(a) Section 824(g) of the Foreign Service Act of 1980 (22 U.S.C. 4064(g)) is amended to read as follows:

''(g) The Secretary may waive the application of paragraphs (a) through (d) of this section, on a case by case basis, for an annuitant re-employed on a temporary basis—

(i) if, and for so long as, the authority is necessary due to an emergency involving a direct threat to life or property or other unusual circumstances; or

(ii) in positions for which there is exceptional difficulty in recruiting or retaining a qualified employee.''

(b) Effective October 1, 2005, section 824(g), as amended by this section, is further amended to read as follows:

''(g) The Secretary may waive the application of paragraphs (a) through (d) of this section, on a case by case basis, for an annuitant re-employed on a temporary basis, but only if, and for so long as, the authority is necessary due to an emergency involving a direct threat to life or property or other unusual circumstances.''

SEC. 303. FELLOWSHIP OF HOPE PROGRAM.

The Secretary of State is authorized to establish the Fellowship of Hope program under which employees of the governments of designated countries may be assigned to an office of profit or trust in the Department of State and continue to receive salary and other benefits from those governments, in exchange for assignments of a member of the Foreign Service to the governments of the designated foreign countries. The Secretary of State shall administer this program in a manner consistent with the national security and foreign policy interests of the United States, in consultation with the Attorney General and the Director of Central Intelligence.

SEC. 304. CLAIMS FOR LOST PAY.

Section 2 of the State Department Basic Authorities Act (22 U.S.C. 2669) is amended by adding a new subsection (o) as follows:

''(o) make administrative corrections or adjustments to an employee's pay, allowances, or differentials, resulting from mistakes or retroactive personnel actions, as well as provide back pay and other categories of payments under the Back Pay Act as part of the settlement or compromise of administrative claims or grievances filed against the Department.''

SEC. 305. SUSPENSION OR ENFORCED LEAVE.

(a) Notwithstanding any other provision of law, and pending final resolution of the matter, the Secretary may suspend a member of the Foreign Service without pay, or place the member on enforced leave without pay,

(1) where there is an investigation regarding the revocation of an employee's security clearance or a suspension of an employee's security clearance; or

(2) where there is reasonable cause to believe a member has committed a crime for which a sentence of imprisonment may be imposed and there is a nexus to the efficiency of the Service; or

(3) for such other cause as will promote the efficiency of the service;

(b) Any member suspended or placed on enforced leave pursuant to subsection (a) shall be entitled to—

(1) at least 30 days advance written notice of the specific reasons for such suspension, unless there is reasonable cause to believe the employee has committed a crime for which a sentence of imprisonment may be imposed;

(2) a reasonable time, not less than seven days, to answer orally and in writing;

(3) be represented by an attorney or other representative; and

(4) a final written decision.

(c) Any member suspended or placed on enforced leave pursuant to this section shall be entitled to grieve such action in accordance with procedures applicable to grievances under chapter 11 of this Act. The review by the Foreign Service Grievance Board with respect to such a grievance shall be limited:

(1) in the case of an action pursuant to subparagraph

(a)(1) only to a determination whether the procedures set forth in subsection (b) were followed, and

(2) in the case of an action pursuant to subparagraph (a)(2), only to a determination of whether the reasonable cause requirements have been fulfilled and whether there is a nexus between the conduct and the efficiency of the Service; and

(3) in the case of a suspension pursuant to subparagraph (a)(3), only to a determination whether the action promotes the efficiency of the service.

(4) In no case regarding an appeal pursuant to this section may the Foreign Service Grievance Board order prescriptive relief.

SEC. 306. HOME LEAVE.

(a) Section 901(6) of the Foreign Service Act (22 U.S.C. 4081(6)) is amended by striking ''unbroken by home leave'' wherever that phrase occurs.

(b) Section 903(a) of the Foreign Service Act (22 U.S.C. 4083) is amended by striking ''18 months'' and inserting ''12 months.''

SEC. 307. OMBUDSMAN FOR THE DEPARTMENT OF STATE.

(a) There is established in the Office of the Secretary of State the position of Ombudsman. The Ombudsman shall report directly to the Secretary of State.

(b) At the discretion of the Secretary of State, the Ombudsman shall participate in meetings regarding the management of the Department in order to assure that all employees may contribute to the achievement of the Department's responsibilities and to promote the career interests of all employees.

(c) CONFORMING AMENDMENT.—Subsection (c) of section 172 of the Foreign Relations Authorization Act, Fiscal Years 1988 and 1989 (as codified in 22 U.S.C. 2664a(c)) is deleted, and subsection (d) renumbered accordingly.

SEC. 308. REPEAL OF RECERTIFICATION REQUIREMENT FOR SENIOR FOREIGN SERVICE.

Section 305(d) of the Foreign Service Act of 1980 (22 U.S.C. 3945(d)) is hereby repealed.

TITLE IV—INTERNATIONAL ORGANIZATIONS

SEC. 401. RAISING THE CAP ON PEACEKEEPING CONTRIBUTIONS.

(a) IN GENERAL.—Section 404 of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995 (Public Law 103–236) is amended by amending subparagraph (B), added by Section 402 of P.L. 107–228 (FY 2003 Foreign Relations Authorization Act), to amend subparagraph (iv) as follows and add subparagraph (v) at the end:

''(iv) For assessments made during calendar year 2004, 27.1 percent.

''(v) For assessments made during calendar year 2005, 27.1 percent.''

TITLE V—SUPPORTING THE WAR ON TERRORISM

SEC. 501. DESIGNATION OF FOREIGN TERRORIST ORGANIZATIONS.

Section 219 of the Immigration and Nationality Act (8 U.S.C. 1189) is amended as follows:

(a) DURATION OF DESIGNATION.—

(1) In subparagraph 219(a)(4)(A), by striking the words ''Subject to paragraphs (5) and (6), a'' and adding ''A'' and by striking the words ''for a period of 2 years beginning on the effective date of the designation under paragraph (2)(B)'' and adding ''until revoked under paragraphs (5) or (6) or set aside pursuant to subparagraph (c)'' in lieu thereof;

(2) by revising subparagraph 219(a)(4)(B) to read as follows:

''(B) REVIEW OF DESIGNATION UPON PETITION.—

''(i) IN GENERAL.—The Secretary shall review the designation of a foreign terrorist organization under the procedures set forth in (ii)–(iii) if the designated organization files a petition for revocation within the petition period. If the organization has not previously filed a petition for revocation under this subparagraph, the petition period begins once two years have elapsed from the date of designation. If the designated organization has previously filed a petition under this subparagraph, then the petition period begins once two years have elapsed from the date of its last petition.

''(ii) PROCEDURES.—Any foreign terrorist organization that submits a petition under this subparagraph must provide evidence in that petition that the relevant circumstances described in paragraph (1) no longer exist with respect to the organization.

''(iii) The Secretary shall complete his or her review of any petition from a designated organization that is filed within the petition 20 period and shall make a determination concerning revocation of the designation within 180 days after receiving the petition. The Secretary may consider classified information in making a determination in response to a petition. Classified information shall not be subject to disclosure for such time as it remains classified, except that such information may be disclosed to a court ex parte and in camera for purposes of judicial review under subsection (c). A determination under this clause shall be published in the Federal Register, and any revocation under this subparagraph shall be made under the procedures set forth in paragraph (6).

(3) by adding a new subparagraph 219(a)(4)(C) to read as follows:

''(C) OTHER REVIEW OF DESIGNATION.—

''(i) IN GENERAL.—The Secretary shall review the designation of each foreign terrorist organization at least once every four years in order to determine whether it should be revoked pursuant to paragraph (6) . If such review does not take place pursuant to subparagraph (4)(B) in response to a petition for revocation that is filed during the petition period, then it shall be conducted pursuant to procedures to be developed by the Secretary, and neither the results of such review nor the applicable procedures shall be reviewable in any court.

''(ii) The Secretary shall publish the results of any review conducted pursuant to this subparagraph in the Federal Register.

(4) in subparagraph 219(a)(6)(A), by deleting the words ''or a redesignation made under paragraph (4)(B)'' and by adding ''at any time, and shall revoke a designation upon completion of a review conducted pursuant to subparagraphs (4)(B) or (4)(C)'';

(5) in subparagraph 219(a)(6)(A)(i), by deleting the words ''or a redesignation'';

(6) in subparagraph 219(a)(7), by deleting '', or the revocation of a redesignation under paragraph (6),'';

(7) in subparagraph 219(a)(8), by deleting '', or if a redesignation under this subsection has become effective under subsection (b)(4)(B),'' and by deleting ''or redesignation.'';

(b) ALIASES.—By inserting a new subsection (b) as follows and relettering the following subsections accordingly:

''(b) AMENDMENTS TO A DESIGNATION.

''(1) IN GENERAL.—The Secretary is authorized to amend a designation under the provisions of this subsection if the Secretary finds that the organization has changed its name, adopted a new alias, dissolved and then reconstituted itself under a different name or names, or merged-with another organization.

''(2) PROCEDURE.—Such amendments shall be effective upon publication in the Federal Register and the provisions of subparagraphs (a)(2)(B) and (a) (2)(C) shall apply. The procedures and rules set forth in paragraphs (a)(4), (5), (6), (7), and (8) shall also apply to amended designations.

''(3) Any such amendment shall be reported to the appropriate Congressional committees within 30 days of publication pursuant to subparagraph (a)(2)(A)(i).

''(4) The administrative record may be amended to include such new or additional names and any additional relevant information to support the amendment.

''(5) The Secretary may consider classified information in making an amendment under this subsection. Classified information shall not be subject to disclosure for such time as it remains classified, except that such information may be disclosed to a court ex parte and in camera for purposes of judicial review under subsection (c).''; and

(c) TECHNICAL AMENDMENTS.—

(i) In subparagraph 219(a)(3)(B), by changing ''subsection (b)'' to ''subsection (c)''.

(ii) In subsection 219(c)(1), as amended by this section, by striking the phrase after ''publication'' and before ''in the United States Court of Appeals'' and inserting ''in the Federal Register of a designation, an amended designation, or a determination in response to a petition for revocation, the designated organization may seek judicial review in the United States'' in lieu thereof.

(iii) In subsection 219(c)(2), (3), and (4), as amended by this section, by adding '', amendment, or determination'' after ''designation'' wherever it occurs.

(d) SAVINGS PROVISION.—The term ''designation'' includes all previous redesignations made pursuant to subparagraph 219(a)(4) prior to the effective date of this Act, and such redesignations shall continue to be effective until revoked as provided in paragraphs (a)(5) or (a)(6).

TITLE VI—SECURITY ASSISTANCE

SEC. 601. RESTRICTIONS ON ECONOMIC SUPPORT FUNDS FOR LEBANON.

Section 1224 of the Foreign Relations Authorization Act, Fiscal Year 2003'' is amended by inserting after ''lapses.'': ''c. EXCEPTION.—Subsection (a) shall not apply to such assistance otherwise subject to the restriction set forth therein that is made available to address the water needs of Southern Lebanon.''

SEC. 602. THRESHOLDS FOR CONGRESSIONAL NOTIFICATION OF FMS AND COMMERCIAL ARMS TRANSFERS.

The Arms Export Control Act is amended—

(a) in section 36(b)—

(1) in paragraph (1)—

(A) by striking ''Subject to paragraph 6, in'', and inserting in lieu thereof ''(1) In'';

(B) by striking ''$14,000,000'' and inserting in lieu thereof ''$100,000,000'';

(C) by striking ''$50,000,000'' and inserting in lieu thereof ''$200,000,000''; and

(D) by striking ''$200,000,000'' and inserting in lieu thereof ''$500,000,000''; and

(E) by inserting ''and in any case in which the President concludes doing so would be appropriate,'' before ''before such letter of offer is issued'';

(2) in paragraph (5)(C)—

(A) by striking ''Subject to paragraph (6), if'' and inserting in lieu thereof ''If'';

(B) by striking ''$14,000,000'' and inserting in lieu thereof ''$100,000,000'';

(C) by striking ''$50,000,000'' and inserting in lieu thereof ''$200,000,000''; and

(D) by striking ''$200,000,000'' and inserting in lieu thereof ''$500,000,000'';

(E) by inserting ''and in any case in which the President concludes doing so would be appropriate,'' before ''then the President shall submit''; and

(3) by striking paragraph (6);

(b) in section 36(c)—

(1) in paragraph (1)

(A) by striking ''Subject to paragraph (5), in'', and by inserting in lieu thereof ''In'';

(B) by striking ''$14,000,000'' and inserting in lieu thereof ''$100,000,000'';

(C) by striking ''$50,000,000'' and inserting in lieu thereof ''$200,000,000'';

(D) by inserting ''and in any case in which the President concludes doing so would be appropriate,'' before ''before issuing such license''; and,

(2) in paragraph 2 by striking ''(A) and (B)'' and inserting in lieu thereof ''(A), (B) and (C)'';

(3) by striking paragraph (5);

(c) in section 3(d)—

(1) in paragraphs (1) and (3)(A) by striking ''Subject to paragraph (5), the'' and inserting in lieu thereof ''The'';

(2) in paragraphs (1) and (3)(A) by striking ''$14,000,000'' and inserting in lieu thereof ''$100,000,000''; and,

(3) in paragraphs (1) and (3)(A) by striking ''$50,000,000'' and inserting in lieu thereof ''$200,000,000''; and

(4) by striking paragraph (5).

SEC. 603. BILATERAL AGREEMENT REQUIREMENTS RELATING TO LICENSING OF DEFENSE EXPORTS.

The Arms Export Control Act is amended in section 38(j) as follows

(a) by adding a new paragraph (5):

''(5) WAIVER.—Any of the requirements for a bilateral agreement set forth in paragraph (2) may be waived if the President determines that to do so is important to the national interests, in particular the foreign policy, of the United States, and, prior to exercising this authority, provides notification to the appropriate congressional committees of his intent to exercise this authority, the justification for, and the extent of the exercise of this authority. The certification requirement of paragraph 3(A) may be met where the President has exercised this authority.''

(b) by adding a new paragraph (4)(C):

''(C) UNITED STATES ORIGIN DEFENSE ITEMS.—The term 'United States origin defense items' means those defense items that would be exempt from United States defense export licensing requirements under an anticipated country exemption extended in accordance with the authority of this subsection.''

SEC. 604. AUTHORIZATION OF APPROPRIATIONS.

(a) GRANTS UNDER ARMS EXPORT CONTROL ACT.—There is authorized to be appropriated to the President for grant assistance under section 23 of the Arms Export Control Act (22 U.S.C. 2763) and for the subsidy cost, as defined in section 502(5) of the Federal Credit Reform Act of 1990, of direct loans under such section $4,414,000,000 for fiscal year 2004

and such sums as may be necessary for FY 2005.

(b) INTERNATIONAL MILITARY EDUCATION AND TRAINING.—There is authorized to be appropriated to the President $91,700,000 for fiscal year 2004 and such sums as may be necessary for fiscal year 2005 to carry out chapter 5 of part II of the Foreign Assistance Act of 1961, as amended (22 U.S.C. 2347, et seq.).

(c) NONPROLIFERATION, ANTI-TERRORISM, DEMINING, AND RELATED PROGRAMS.—There is authorized to be appropriated under ''Nonproliferation, Anti-Terrorism, Demining, and Related Programs'' $385,200,000 for fiscal year 2004 and such sums as may be necessary for fiscal year 2005.

SEC. 605. COOPERATIVE THREAT REDUCTION PERMANENT WAIVER.

(a) AUTHORITY TO WAIVE RESTRICTIONS AND ELIGIBILITY REQUIREMENTS.—if the President submits the certification and report described in subsection (b) with respect to an independent state of the former Soviet Union for a fiscal year—

(1) the restrictions in subsection (d) of section 1203 of the Cooperative Threat Reduction Act of 1993 (22 U.S.C. 5952) shall cease to apply, and funds may be obligated and expended under that section for assistance, to that state during that fiscal year; and

(2) funds may be obligated and expended during that fiscal year under section 502 of the FREEDOM Support Act (22 U.S.C. 5852) for assistance or other programs and activities for that state even if that state has not met one or more of the requirements for eligibility under paragraphs (1) through (4) of that section.

(b) CERTIFICATION AND REPORT.—

(1) The certification and report referred to in subsection (a) are a written certification submitted by the President to Congress that the waiver of the restrictions and requirements described in paragraphs (1) and (2) of that subsection during such fiscal year is important to the national security interests of the United States, together with a report containing the following:

(A) A description of the activity or activities that prevent the President from certifying that the state is committed to the matters set forth in the provisions of law specified in paragraphs (1) and (2) of subsection (a) in such fiscal year.

(B) An explanation of why the waiver is important to the national security interests of the United States.

(C) A description of the strategy, plan, or policy of the President for promoting the commitment of the state to, and compliance by the state with, such matters, notwithstanding the waiver.

(2) The matter included in the report under paragraph (1) shall be submitted in unclassified form, but may include a classified annex.

SEC. 606. CONGRESSIONAL NOTIFICATION FOR COMPREHENSIVE DEFENSE EXPORT AUTHORIZATIONS.

Section 36(d)(1) of the Arms Export Control Act (P.L. 90–629) is amended to add the following new sentences at the end after ''subsection.'':

''Notwithstanding section 27(g) of this Act, the provisions of this subsection shall also apply in the case of an approval under section 38 of this Act of a comprehensive export authorization provided for in section 126.14 of the International Traffic in Arms Regulations where the estimated total value of the transfers anticipated at the time of application meets the value thresholds of subsection (c)(1). The provisions shall also apply to amendments to such comprehensive authorizations that involve the addition to the authorization of a new country entering into a related cooperative agreement with the United States Government or memorandum of understanding with the Department of Defense to participate in cooperative activities referred to in such authorizations.''

SEC. 607. EXPANSION OF AUTHORITIES FOR LOAN OF MATERIAL, SUPPLIES, AND EQUIPMENT FOR RESEARCH AND DEVELOPMENT PURPOSES.

Section 65 of the Arms Export Control Act (22 U.S.C. 2796d) is amended—

(a) in paragraph (1) of subsection (a)—

(1) by striking ''Except as provided in subsection (c), the Secretary of Defense, with the concurrence of the Secretary of State, may loan to a country that is a NATO or major non-NATO ally'' and inserting ''Except as provided in subsection (c), the Secretary of Defense may loan to—

''(i) a NATO organization or a country that is a NATO ally:

''(ii) a major non-NATO ally; or

''(iii) a friendly foreign country''; and

(2) by striking ''The Secretary may accept as a loan or a gift from a country that is a NATO or major non-NATO ally'' and inserting ''The Secretary may accept as a loan or a gift from—

''(i) a NATO organization or a country that is a NATO ally;

''(ii) a major non-NATO ally; or

''(iii) a friendly foreign country''; and

(b) by amending subsection (d) to add after ''United States)'' the following:

''and the term 'friendly foreign country' means any country not a member of the North Atlantic Treaty Organization designated as a friendly foreign country for purposes of section 27(j)(2) of this Act''.

SEC. 608. ESTABLISH DOLLAR THRESHOLD FOR CONGRESSIONAL NOTIFICATION OF EXCESS DEFENSE ARTICLES THAT ARE SIGNIFICANT MILITARY EQUIPMENT.

Section 516(f)(1) of the Foreign Assistance Act of 1961, as amended, (22 U.S.C. 2321j) is amended by striking the clause ''excess defense articles that are significant military equipment (as defined in section 47(9) of the Arms Export Control Act) or''.

SEC. 609. WAIVER OF NET PROCEEDS RESULTING FROM THE DISPOSAL OF U.S. DEFENSE ARTICLES PROVIDED TO A FOREIGN COUNTRY ON A GRANT BASIS.

Section 505(f) of the Foreign Assistance Act of 1961, as amended, (22 U.S.C. 2314(f)) is amended:

(1) by striking in the second sentence ''In the case of items which were delivered prior to 1985, the'' and inserting in lieu thereof ''The''; and,

(2) by adding after the second sentence the following:

''A waiver is not required for a country to retain such net proceeds if the net proceeds are five per cent or less of the original acquisition value of the items.''.

SEC. 610. TRANSFER OF CERTAIN OBSOLETE OR SURPLUS DEFENSE ARTICLES IN THE WAR RESERVE STOCKPILES FOR ALLIES TO ISRAEL.

(a) AUTHORITY.—(1) Notwithstanding Section 514 of the Foreign Assistance Act of 1961, as amended, (22 U.S.C. 2321h), the President may transfer to Israel, in return for concessions to be negotiated by the Secretary of Defense, any or all of the items described in paragraph (2).

(2) The items referred to in paragraph (1) are munitions such as armor, artillery, automatic weapons ammunition, missiles, and other munitions that—

(A) are obsolete or surplus items;

(B) are in the inventory of the Department of Defense;

(C) are intended for use as reserve stocks for Israel; and

(D) as of the date of enactment of this Act, are located in a stockpile in Israel.

(b) CONCESSIONS.—The value of concessions negotiated pursuant to subsection (a) shall be at least equal to the fair market value of the items transferred. The concessions may include cash compensation, services, waiver of charges otherwise payable by the United States, and other items of value.

(c) ADVANCE NOTIFICATION OF TRANSFER.—Not less than 30 days before making a transfer under the authority of this section, the President shall transmit to the Committee on Foreign Relations and Armed Services Committee of the Senate and the Committee on International Relations and the Armed Services Committee of the House of Representatives a notification of the proposed transfer. The notification shall identify the items to be transferred and the concessions to be received.

(d) EXPIRATION OF AUTHORITY.—No transfer may be made under the authority of this section five years after the date of enactment of this Act.

SEC. 611. ADDITIONS TO U.S. WAR RESERVE STOCKPILES FOR ALLIES.

Section 514(b)(2) of the Foreign Assistance Act of 1961 as amended, (22 U.S.C. 2321h(b)) is amended—

(1) in subparagraph (A) by striking ''$50,000,000'' and ''2001'', and inserting in lieu thereof ''$100,000,000'' and ''2004'', respectively; and,

(2) in subparagraph (B) by striking $50,000,000'' and ''Republic of Korea'' and inserting in lieu thereof ''$100,000,000'' and ''Israel'', respectively.

SEC. 612. PROVISION OF CATALOGING DATA AND SERVICES.

Section 21(h)(2) of the Arms Export Control Act (22 U.S.C. 2761(h)(2)) is amended by striking ''or to any member government of that Organization if that Organization or member government'' and inserting '', to any member of that Organization, or to the government of any other country if that Organization, member government, or other government''.

SEC. 613. PROVISION TO EXERCISE WAIVERS WITH RESPECT TO PAKISTAN

Public Law 107–57, an Act to Authorize the President to Exercise Waivers of Foreign Assistance Restrictions with Respect to Pakistan, is amended—

(1) in section 1(a), by striking ''2002'', wherever appearing (including in the caption), and inserting in lieu thereof ''2004'';

(2) in section 1(b), by striking ''2003'', wherever appearing (including in the caption), and inserting in lieu thereof ''2005'';

(3) in section 2, by striking ''prior to January 1, 2001,'';

(4) in section 3(2), by striking ''Foreign Operations, Export Financing, and Related Programs Appropriations Acts, 2002, as is'' and inserting in lieu thereof ''annual foreign operations, export financing, and related programs appropriations Acts for fiscal years 2002, 2003, 2004, and 2005, as are''; and

(5) in section 6, by striking ''2003'' and inserting in lieu thereof ''2005''.

TITLE VII—INTERNATIONAL PARENTAL CHILD ABDUCTION PREVENTION ACT OF 2003

To amend the Immigration and Nationality Act to render inadmissible to the United States certain relatives of international child abductors, and for other purposes.

SEC. 701. SHORT TITLE.

This Act shall be cited as the ''International Parental Child Abduction Prevention Act of 2003.''

SEC. 702. INADMISSIBILITY OF ALIENS SUPPORTING INTERNATIONAL CHILD ABDUCTORS AND RELATIVES OF SUCH ABDUCTORS.

(a) IN GENERAL.—Section 212(a)(10)(C)(ii) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(10)(C) (ii)) is amended—

(1) in subclause (I), by striking the comma at the end and inserting in its place a semicolon;

(2) in subclause (II), by striking the comma before ''or'' at the end and inserting in its place a semicolon;

(3) by amending subclause (III) to read as follows:

''(III) is a spouse (other than a spouse who is the parent of the abducted child), son or daughter (other than the abducted child), grandson or granddaughter (other than the abducted child), parent, grandparent, sibling, cousin, uncle, aunt, nephew, or niece of an alien described in clause (i), or is a spouse of the abducted child described in clause (i), if such person has been designated by the Secretary of State, in the Secretary of State's sole and unreviewable discretion,'';

(4) by separating the final general clause from subclause (III) as amended by subsection (a) (3) of this section; and

(5) by amending the final general clause to read as follows:

''is inadmissible until the child described in clause (i) is surrendered to the person granted custody by the order described in that clause, and such person and child are permitted to return to the United States or such person's place of residence, or until the abducted child is 21 years of age.''

(b) AUTHORITY TO CANCEL CERTAIN DESIGNATIONS; IDENTIFICATION OF ALIENS SUPPORTING ABDUCTORS AND RELATIVES OF ABDUCTORS; ENTRY OF ABDUCTORS AND OTHER INADMISSIBLE ALIENS IN VISA LOOKOUT SYSTEM; DEFINITIONS.—Section 212(a)(10)(C) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(10)(C)) is amended by adding at the end the following:

''(iv) AUTHORITY TO CANCEL CERTAIN DESIGNATIONS.—The Secretary of State may, in his sole and unreviewable discretion and at any time, cancel a designation made pursuant to Section 212(a)(10)(C)(ii)(III) .

''(v) IDENTIFICATION OF ALIENS SUPPORTING ABDUCTORS AND RELATIVES OF ABDUCTORS.—In all instances in which the Secretary of State knows that an alien has committed an act described in clause (i), the Secretary of State shall take appropriate action to identify the individuals who are potentially inadmissible under clause (ii).

''(vi) ENTRY OF ABDUCTORS AND OTHER INADMISSIBLE PERSONS IN VISA LOOKOUT SYSTEM.—In all instances in which the Secretary of State knows that an alien has committed an act described in clause (i), the Secretary of State shall take appropriate action to cause the entry into the visa lookout system of the name or names of, and identifying information about, such individual and of any persons identified pursuant to clause (v) as potentially inadmissible under clause (ii).

''(vii) DEFINITIONS.—For purposes of this subparagraph—

''(I) the term 'child' means a person under twenty-one years of age regardless of marital status;'' and

''(II) the term 'sibling' includes step-siblings and half-siblings.''

(c) ANNUAL REPORT.—The Secretary of State shall submit to the Committee on International Relations and the Committee on the Judiciary of the United States House of Representatives, and the Committee on Foreign Relations and the Committee on the Judiciary of the United States Senate, for the year beginning on the first day of the first full month after the date of enactment of this Act, and for each of the four subsequent years, an annual report that describes the operation of Section 212(a)(10)(C) of the Immigration and Nationality Act, as amended by this Title, during the year to which the report pertains. Each such annual report shall be submitted not later than 60 days after the end of the applicable reporting period. As part of the required description of the Act's operation, and to the extent corresponding data are reasonably available, each such annual report shall specify,

(1) the number of cases known to the Secretary of State, disaggregated according to the nationality of the aliens concerned, in which a visa was denied to an applicant on the basis of the applicant's inadmissibility under Section 212(a)(10)(C) during the reporting period; and

(2) the cumulative total number of cases known to the Secretary of State, disaggregated according to the nationality of the aliens concerned, in which a visa was denied to an applicant on the basis of the applicant's inadmissibility under Section 212(a)(10)(C) since the beginning of the first reporting period; and

(3) the number of cases known to the Secretary of State, disaggregated according to the nationality of the aliens concerned, in which an alien's name was placed in the visa lookout system on the basis of the alien's inadmissibility or potential inadmissibility under Section 212(a)(10)(C) during the reporting period; and

(4) the cumulative total number of names, disaggregated according to the nationality of the aliens concerned, known to the Secretary of State to appear in the visa lookout system on the basis of the aliens' inadmissibility or potential inadmissibility under Section 212(a)(10)(C) at the end of the reporting period.

TITLE VIII—MISCELLANEOUS PROVISIONS

Subtitle A—Streamlining Reporting Requirements

SEC. 801. REPORTS ON BENCHMARKS FOR BOSNIA.

Section 7(b)(2) of the 1998 Supplemental Appropriations and Rescissions Act (Public Law 105–174, 112 Stat. 64) and Section 1203 of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (Public Law 105–261) are repealed.

SEC. 802. REPORT CONCERNING THE GERMAN FOUNDATION "REMEMBRANCE, RESPONSIBILITY, AND THE FUTURE".

Section 704 of the Foreign Relations Authorization Act, Fiscal Year 2003 (Public Law 107–228) is repealed.

SEC. 803. REPORT ON PROGRESS IN CYPRUS.

Section 620C(c) of the Foreign Assistance Act of 1961 (Public Law 87–195) is amended by:

(a) striking in the second sentence ''within 60 days after the date of enactment of this section and at the end of each succeeding 60–day period''; and

(b) inserting in its place ''on a semiannual basis''.

SEC. 804. REPORTS ON ACTIVITIES IN COLOMBIA.

Section 694 of the Foreign Relations Authorization Act, Fiscal Year 2003 (Public Law 107–228) is repealed.

SEC. 805. REPORT ON EXTRADITION OF NARCOTICS TRAFFICKERS.

Section 3203 of the 2001 Military Construction Appropriations Act (Public Law 106–246) is repealed.

SEC. 806. REPORT ON TERRORIST ACTIVITY IN WHICH UNITED STATES CITIZENS WERE KILLED AND RELATED MATTERS.

Section 805 of the Admiral James W. Nance and Meg Donovan Foreign Relations Authorization Act, Fiscal Years 2000 and 2001 (22 U.S.C. 2656f note), as amended by section 216 of the Foreign Relations Authorization Act, Fiscal Year 2003 (Public Law 107–228), is repealed.

SEC. 807. REPORT AND WAIVER REGARDING EMBASSY IN JERUSALEM.

The Jerusalem Embassy Act of 1995 (Public Law 104–45) is amended as follows:

(a) in section 6, by:

(1) striking ''SEMIANNUAL'' in the section heading;

(2) and by striking ''every six months thereafter'' and inserting in its place ''each year thereafter''; and

(b) in section 7(a)(2) by striking ''for an additional six month period'' and inserting in its place ''for an additional one year period''.

SEC. 808. REPORT ON PROGRESS TOWARD REGIONAL NONPROLIFERATION.

Section 620F(c) of the Foreign Assistance Act of 1961 (22 U.S.C. 2376(c)) is repealed.

SEC. 809. REPORT ON ANNUAL ESTIMATE AND JUSTIFICATION FOR SALES PROGRAM.

Section 25 of the Arms Export Control Act (22 U.S.C. 2765) is repealed.

SEC. 810. ANNUAL FOREIGN MILITARY TRAINING REPORT.

Section 656 of the Foreign Assistance Act of 1961 is amended as follows:

(a) in paragraph (a)—

(1) by striking ''January 1'' and inserting in lieu thereof ''March 1'',

(2) after ''personnel'' by inserting '', excluding training provided through sales,''

(3) after ''State'' by inserting '', which was completed'',

(4) by striking all that follows after ''previous fiscal year'' before the period, and

(5) by inserting the following new second sentence:

''This paragraph shall not apply with respect to any NATO member, Australia, New Zealand or Japan unless the Secretaries jointly determine, after consultation with Congress, that inclusion of any such country in the report is warranted.'', and

(6) by striking (a) (2);

(b) in paragraph (b)—

(1) in subparagraph (1) after ''purpose for the activity,'' by inserting ''and'' and after ''operation'' by striking all that follows before the period,

(2) in subparagraph (3) after ''activity'' the first time it occurs by striking all that follows before the period;

(c) in paragraph (c) after ''unclassified form'' by striking all that follows before the period; and

(d) in paragraph (d) by striking ''All unclassified portions of the'' and inserting in lieu thereof ''The''.''

SEC. 811. REPORT ON HUMAN RIGHTS VIOLATIONS BY IMET PARTICIPANTS

(a) Section 549 of the Foreign Assistance Act of 1961 (22 U.S.C. 2347(h)) is repealed.

(b) Section 548 of the Foreign Assistance Act of 1961 (22 U.S.C. 2347g) is amended by striking paragraphs (b) and (c) in their entirety and inserting the following:

''(b) Information on Human Rights'' Abuses. Upon request of the Secretary of State for information regarding foreign personnel or military units, the Secretary of Defense shall provide such information contained in the database to the Secretary of State. If the Secretary of State determines that a foreign person identified in the database maintained pursuant to this section was involved in a violation of internationally recognized human rights, the Secretary of State shall so advise the Secretary of Defense, who shall in turn ensure that the database is updated to contain such fact and all relevant information.''

SEC. 812. REPORT ON THE DEVELOPMENT OF THE EUROPEAN SECURITY AND DEFENSE IDENTITY (ESDI) WITHIN THE NATO ALLIANCE.

Section 1223 of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (Public Law 105–261; 112 Stat. 2075 and 2155, respectively) is repealed.

SEC. 813. REPORT ON TRANSFERS OF MILITARY SENSITIVE TECHNOLOGY TO COUNTRIES AND ENTITIES OF CONCERN.

The National Defense Authorization Act for Fiscal Year 2000 (Public Law 106–65; 113

Stat. 542, 697, 706, 748, 756, 779, and 798, respectively) is amended in section 1402, by striking subsection (b)(2).

Subtitle B—Other Matters

Sec. 814. NUCLEAR REPROCESSING TRANSFER WAIVER

Section 102(a)(2) of the Arms Export and Control Act (Public Law 90–629) (22 U.S.C. 2799aa–1) is amended in the first sentence by deleting the phrase ''in any fiscal year'' and the phrase ''during that fiscal year''.

SEC. 815. COMPLEX FOREIGN CONTINGENCIES.

(a) PURPOSES.—The President should ensure that assistance provided to address complex foreign crises is designed to respond on an urgent, flexible basis, including at the outset, to mitigate without regard to scale of the crisis, but taking account of the gravity of the crises, political crises threatening democratic institutions, food, agricultural or health crises, fiscal or economic crises affecting countries, regions or ethnic groups. The response should be designed to best serve United States foreign policy interests, including the restoration or maintenance of peace and security.

(b) Whenever the President determines it to be important to the national interest he is authorized to furnish on such terms and conditions as he may determine assistance under this section for the purpose of responding to complex foreign crises.

(c) There is hereby established a United States Complex Foreign Contingency Fund to carry out the purposes of this section. There is authorized to be appropriated to the President from time to time such amounts as may be necessary for the fund to carry out the purposes of this section, which may be made available notwithstanding any other provision of law. Amounts appropriated hereunder shall remain available until expended.

SECTIONAL ANALYSES

TITLE I—AUTHORIZATION OF APPROPRIATIONS

SEC. 101. ADMINISTRATION OF FOREIGN AFFAIRS.

This section authorizes appropriations under the heading ''Administration of Foreign Affairs'' for fiscal years 2004 and 2005. It includes funds for executive direction and policy formulation, conduct of diplomatic relations with foreign governments and international organizations, effective implementation of consular programs and its border security component, the acquisition and maintenance of office space and living quarters for the United States missions abroad, provision of security for those operations, and information resource management.

In particular, this section provides authorization of appropriations for the necessary expenses of the Department of State and the Foreign Service, not otherwise provided for, including expenses authorized by the State Department Basic Authorities Act. These expenses include an authorization for worldwide security upgrades. This section also includes authorization of appropriations for the conduct of U.S. public diplomacy programs, capital investment, representation, protection of foreign missions and officials, emergencies in the diplomatic and consular service, repatriation loans, and payment to the American Institute in Taiwan. This section includes the funding for the final year of the Department's Diplomatic Readiness Initiative aimed to hire 1158 additional employees beyond attrition over a three-year period to fill our staffing gaps (particularly in critical overseas positions), provide a ''personnel complement'' to allow for training, and respond quickly to crises and emerging policy priorities.

SEC. 102. INTERNATIONAL ORGANIZATIONS AND CONFERENCES.

This section authorizes appropriations for fiscal years 2004 and 2005 under the heading ''International Organizations and Conferences.'' It authorizes the necessary funds for U.S. contributions of its assessed share of the expenses of the United Nations and other international organizations of which the United States is a member. In addition, provision is made for assessed contributions to international peacekeeping activities under United Nations auspices.

This section also authorizes such sums as may be necessary for each of the fiscal years 2004 and 2005 to offset adverse fluctuations in foreign currency exchange rates.

SEC. 103. INTERNATIONAL COMMISSIONS.

This section authorizes appropriations for fiscal years 2004 and 2005 under the heading ''International Commissions.'' It authorizes funds necessary to enable the United States to meet its obligations as a participant in international commissions, including those dealing with American boundaries and related matters with Canada and Mexico, and international fisheries commissions.

SEC. 104. MIGRATION AND REFUGEE ASSISTANCE.

This section authorizes appropriations for fiscal years 2004 and 2005 under the heading ''Migration and Refugee Assistance'' to enable the Secretary of State to provide assistance and make contributions for migrants and refugees, including contributions to international organizations such as the United Nations High Commissioner for Refugees and the International Committee for the Red Cross, through private volunteer agencies, governments, and bilateral assistance, as authorized by law.

SEC. 105. CENTERS AND FOUNDATIONS.

This section authorizes appropriations for fiscal years 2004 and 2005 for the East-West Center, the National Endowment for Democracy, and the Asia Foundation.

TITLE II—DEPARTMENT OF STATE AUTHORITIES AND ACTIVITIES

SEC. 201. REIMBURSEMENT RATE FOR AIRLIFT SERVICES PROVIDED TO THE DEPARTMENT OF STATE.

The Department of Defense provides a variety of airlift support for official Secretary of State overseas travel on a reimbursable basis. The airlift mission involves, for example, transporting armored vehicles necessary to provide a safe environment for the Secretary, when such vehicles are not available in country. The Department of Defense has a two-tiered rate structure for charging for such support. At present the Department of State is paying the higher rate, which is nearly twice as much as the lower. This section would authorize the Department of State to pay the Department of Defense for airlift services at the Department of Defense rate.

Legislation has already been enacted under which the CIA receives the Department of Defense rate on missions, which the Secretary of Defense has determined to be related to national security objectives (10 U.S.C. 2642). The Secretary of State's travel is similarly aimed at national security objectives, and similar treatment is therefore warranted. This section would therefore amend 10 U.S.C. 2642 to add the Department of State.

SEC. 202. GRANT AUTHORITY TO PROMOTE BIOTECHNOLOGY.

The Department plays a critical role in U.S. Government efforts to ensure that foreign governments consider biotechnology and its applications in agriculture/food on the basis of science. Currently, the Department does not have grant authority for funds that the Bureau of Economic and Business Affairs (EB) receives for biotechnology policy programs and for the Business Financial Incentive Fund. Unlike a contractual arrangement, where a contractor provides a good or service to the governmental agency in return for payment, the grant process allows the government and the grantee to enter into a partnership to achieve a shared objective that serves the public good. Grant and cooperative agreement authority would enable the Department to use these funds more effectively, permitting it to work more directly with universities, non-governmental organizations, international organizations, private voluntary organizations, scientific groups, and private sector associations. It is anticipated that grants and cooperative agreements, as well as contracts, would be used to support public-private partnerships, workshops, seminars, media events, speaker programs, and publications. The Department will implement this authority in compliance with applicable statutory and regulatory guidelines governing grants and cooperative agreements. This section provides for up to $500,000 in grant authority each fiscal year.

SEC. 203. IMMEDIATE RESPONSE FACILITIES.

In recent years, the Department has experienced a need to stand up a diplomatic facility on very short notice to achieve urgent, high-visibility foreign policy objectives. The most dramatic cases were the situations in Nairobi, Kenya, and Dar Es Salaam, Tanzania, immediately after the 1998 bombings. A recent example is the immediate temporary facilities in Kabul in the aftermath of the war. Other circumstances demanding immediate action would include, for example, destruction or incapacitation of a U.S. diplomatic facility by a terrorist attack, a natural disaster, or a war or insurrection to which the U.S. is not a party. To ensure that the Department has the flexibility to respond rapidly in emergency situations, this section would provide that not to exceed $15,000,000 of the funds appropriated under the heading ''Embassy Security, Construction, and Maintenance'' may be reprogrammed to provide immediate response facilities without having to provide advance congressional notification pursuant to any other provision of law, including but not limited to section 34(a) of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2706). In such instances where advance notification would otherwise be required, the Department is required to notify and provide an explanation of the circumstances requiring the deployment of immediate response facilities to the Committee on Appropriations and the Committee on International Relations of the House of Representatives and the Committee on Appropriations and the Committee on Foreign Relations of the Senate as soon as practicable, but not later than 3 days after the obligation or expenditure of such funds. This post-notification procedure is similar to the one provided for in Section 34(c) of the Basic Authorities Act of 1956 for situations involving substantial risk to human health or welfare.

This authority will not be used to circumvent advance notification where a facility is not an immediately-needed response to an urgent situation. It will be used for existing posts or facilities, but not to stand up a new post or commit initial funds toward a long-term project, such as construction of a New Embassy Compound. Thus, for example, had this authority existed at the time of the war in Afghanistan, it would have been appropriately used for the Phase 1 immediate temporary facilities, but not for the Phase 2 embassy annex and reconstruction.

SEC. 204. MINE ACTION PROGRAMS GRANT AUTHORITY.

The Department, through its Office of Mine Action Initiatives and Partnerships (PM/MAIP), is actively working with non-governmental organizations, foundations, and companies to raise awareness and resources for mine action. In particular, the

Department has developed over two dozen public-private partnerships which promote mine clearance; survivors assistance, education programs, and research and development of promising technologies for finding and destroying landmines. To maximize the effectiveness of these public-private partnerships, it is important that the Department have the ability to enter into grants and cooperative agreements. Unlike a contractual arrangement, where a contractor provides a good or service to the governmental agency in return for payment, the grant process allows the government and the grantee to enter into a partnership to achieve a shared objective that serves the public good. This section provides for up to $450,000 in grant authority each fiscal year.

By being able to provide grants and enter into cooperative agreements with organizations participating in the public-private partnership program, the Department would be able to provide support to such private sector projects as training demining personnel and mine-detecting dogs; developing training materials and mine risk education materials that teach children and adults about how to recognize, report, and avoid landmines; and research and development into new technologies to increase the effectiveness and speed of detecting and removing landmines. To the maximum extent feasible, grants and cooperative agreements would be used to support mine action activities of non-governmental organizations. The Department will implement this authority in compliance with all statutory and regulatory guidelines governing grants and cooperative agreements.

SEC. 205. THE U.S. DIPLOMACY CENTER.

This section would provide necessary authorities for the operation of the new U.S. Diplomacy Center at the Department of State. As envisioned, this Center would be dedicated to creating a better understanding of the history and practice of United States diplomacy. The Center would organize and sponsor educational and outreach programs, including conferences, seminars, and educational materials. It would also include a museum area, focusing on the history of U.S. diplomacy in safeguarding U.S. security, searching for peace, increasing prosperity, promoting U.S. values, and protecting U.S. lives abroad. As is customary in connection with such activities, the Center should include appropriate visitor services such as a museum shop, and should be able to pay for reasonable expenses in connection with conferences and outreach activities, such as refreshments and travel of participants. This legislation would provide clear statutory authority in these areas. Authority is also provided to retain fees to support the Center's activities. It would also include authority to dispose and lend museum artifacts and materials, similar to the authority already provided to the Department of State for the Diplomatic Reception Areas on the seventh and eighth floors of the Harry S Truman Building. Consistent with the Code of Ethics for Museums of the American Association of Museums, the legislation provides that proceeds from disposition of museum holdings can only be used for collection purposes. This section also provides that, except as may be identified subject to reprogramming procedures, the Bureau of Public Affairs may not expend more than $950,000 in fiscal year 2004 and such sums as may. be necessary in fiscal year 2005 for the U.S. Diplomacy Center.

SEC. 206. PUBLIC AFFAIRS GRANT AUTHORITY.

The Department is actively pursuing outreach programs designed to educate the American public about foreign affairs issues and the development and implementation of foreign policy. In particular, the Bureau of Public Affairs is working with a number of nonprofit organizations (such as academic institutions of higher learning, organizations representing associations of American educators, local organizations or community groups, and broadcasting entities) in order to reach different sectors of the domestic audience.

In certain situations, a grant or cooperative agreement is a more appropriate vehicle than a contractual agreement to meet the Department's goals. Unlike a contractual arrangement, where a contractor provides a good or service to the governmental agency in return for payment, the grant process allows the government and the grantee to enter into a partnership to achieve a shared objective that serves a public good. In this case, the shared purpose is to educate the American public on foreign affairs matters in a factual and fair manner.

The Department would continue to use its existing contract authority for many activities and would exercise authority to enter into grants and cooperative agreements only in those limited instances where appropriate. The Department will implement this authority in compliance with applicable statutory and regulatory guidelines governing grants and cooperative agreements.

TITLE III: ORGANIZATION AND PERSONNEL OF THE DEPARTMENT OF STATE

SEC. 301. COST OF LIVING ALLOWANCES.

The proposed changes to the education allowance in 5 U.S.C. 5924(4) would: (1) allow for educational travel to the United States for children in kindergarten through 12th grade, when schools at post are not adequate; (2) allow for educational travel to a school outside the United States for children at the secondary and college level; (3) provide for educational travel at the graduate level for children who are still dependents; (4) permit payment of fees required by overseas schools for successful completion of a course or grade; and (5) allow the option of storing a child's personal effects near the school during their trip home, rather than transporting it back and forth.

Currently, when families are serving in a post without adequate local school facilities, the law allows for transportation of children in kindergarten through 12th grade to the nearest place where there is adequate education. For instance, if an employee is assigned to Guinea-Bissau, transportation for his/her dependents is calculated based on hub-points in Europe (London and Rome). This causes significant financial hardships for families, who are often serving in the most difficult overseas assignments, and whose children are in school in the United States. By changing the wording of the law to allow transportation back to the United States, the transportation component will ensure that parents can afford to send their children to the United States for an American education.

On the other hand, when a child has reached the secondary or post-secondary level, aside from a limited exception, current law allows payment for travel only to and from a school in the United States. This amendment would permit transportation to schools outside the United States as well. It would also allow educational travel at the post-baccalaureate level, when a child is still a dependent but has graduated from college. This would be consistent with what is allowed for military member dependents.

Overseas schools frequently require participation in programs that would not fall into the category of expenses considered ''ordinarily provided without charge in the United States,'' as described in 5 U.S.C. 5924(4)(A). For example, students may be required to participate in a cultural studies program that may include mandatory field trips. The proposed amendment would allow associated costs to be paid with the education allowance.

Finally, the proposed amendment would allow for local storage of a child's effects in lieu of transporting them back and forth during school closings for students in kindergarten and elementary school as well as higher levels of education, provided that payment for local storage would not exceed the cost of transport. Section 319 of the FY 2003 Foreign Relations Authorization Act (P.L. 107–228) added this option for educational travel under 5 U.S.C. 5924(4)(B), and this amendment would extend the option to educational travel under 5 U.S.C. 5924(4)(A).

In addition, this section makes technical amendments including Puerto Rico as part of the ''United States,'' eliminating language referring to the Canal Zone, and removing a reference to an irrelevant statute.

SEC. 302. WAIVER OF ANNUITY LIMITATIONS ON RE-EMPLOYED FOREIGN SERVICE ANNUITANTS.

Foreign Service annuitants hired on a full-time basis have their annuities terminated. Those employed on a parttime, intermittent or temporary basis face a cap on the total sum of their salary and their retirement annuity. The ''dual compensation restrictions'' on Foreign Service annuitants, many of whom have unique experience and talents, hamper the Department's ability to hire these individuals to meet mission needs. This section amends the Foreign Service Act to allow the Secretary of State and heads of other relevant agencies to waive these restrictions for positions for which there is exceptional difficulty in recruiting or retaining a qualified employee.

Section 824(g) of the Foreign Service Act was last amended in 1988 to authorize the Secretary to waive the annuity limitations on re-employed Foreign Service annuitants on a case by case basis if the annuitant is reemployed on a temporary basis due to an emergency involving a direct threat to life or property or other unusual circumstances. This amendment extended to the 10 Foreign Service a waiver authority that had existed and currently exists for the Civil Service.

Subsection (a) again seeks to amend section 824(g) of the Foreign Service Act, and again to extend a waiver authority to the Foreign Service that already exists for the Civil Service. It would provide the Secretary authority to waive the annuity limitations for annuitants reemployed on a temporary basis in positions for which it is exceptionally difficult to recruit or retain qualified employees. This authority, which we do not expect to be used very often, would better enable the Department to recruit and retain. highly qualified persons necessary, for example, to meet our mission needs in the war on terrorism and in our public diplomacy efforts.

Subsection (b) indicates that effective October 1, 2005, section 824(g) will revert to its current form.

SEC. 303. FELLOWSHIP OF HOPE PROGRAM.

This section clarifies the authority underlying a current exchange program between the foreign affairs agencies of the United States, the European Union, and its member states, created to promote collaboration among its young leaders. Under this very successful program, Foreign Service officers are identified on an annual basis to serve one-year details at the European Union in Brussels and designated European foreign ministries. After the Foreign Service Officers complete the details at the EU or in the foreign ministries, they are assigned to a position in the U.S. embassy in the relevant

European capital. Conversely, the State Department also will receive members of the diplomatic corps from the European Union and designated foreign ministries. While the present program is limited to EU members, it may be that this program could be extended to other designated countries.

This provision renders moot a potential legal concern under the Emoluments Clause of the Constitution (Article 1, section 9, clause 8). The Emoluments Clause provides that no person holding an office of profit or trust under the United States may, without the consent of Congress, accept an emolument from a foreign state. Under the Fellowship of Hope program, diplomats from the Commission and designated foreign countries accept an emolument from a foreign state through the course of compensation by their own government. However, these diplomats are also holding an office of profit or trust in the U.S. government. Explicit Congressional authority for the exchange program would obviate any issue regarding the Emoluments Clause.

The Secretary will be responsible for administering this program consistent with the national security and the foreign policy interests of the United States. In particular, it should be noted that information security considerations have been carefully considered in the implementation of this exchange program. Moreover, the Secretary will consult with the Department of Justice or the Central Intelligence Agency, as appropriate, to meet these responsibilities.

SEC. 304. CLAIMS FOR LOST PAY.

This section clarifies the Department's authority to make technical corrections or enter into settlements of claims or grievances brought by its employees involving lost pay, allowances, or differentials. These complaints may involve simple technical ''glitches'' in the payment of salary or benefits, for which the Department (like other agencies) routinely retroactively corrects the payment or makes a payment as appropriate. Administrative adjustments also may be required in order, for example, that a member of the Foreign Service is made whole in connection with a retroactive promotion.

In addition, the Department routinely settles non-Title VII claims brought by Civil Service employees before the Merit Systems Protection Board, or those brought by Foreign Service employees before the Foreign Service Grievance Board. In settling or compromising such claims, the normal authority for the payment of back pay would be the Back Pay Act (5 U.S.C. 5596). However, as is the case with most settlements, the Department does not usually make any admission as to liability, and therefore does not make a finding of an unwarranted or unjustified personnel action under the provisions of the Back Pay Act. This section would make clear that no such finding would be necessary in the event of a settlement or compromise of a claim or grievance which otherwise is in accordance with all provisions of the Back Pay Act.

The Department is seeking this provision as clarification to resolve back pay claims consistent with the spirit of conciliation that underlies settlements generally. This provision is not meant to question the current ability of agencies to settle claims without admitting fault.

SEC. 305. SUSPENSION OR ENFORCED LEAVE.

This amendment brings the Foreign Service into parity with the Civil Service. Current statutes, in particular, 5 U.S.C. 7512 and 7513, permit an indefinite suspension or enforced leave of an employee during an investigation into the revocation of a security clearance, where a security clearance has been suspended, where there is reasonable cause to believe the employee has committed a crime for which a sentence of imprisonment may be imposed, or for such other cause as will promote the efficiency of the service. The due process requirements in this amendment are the same as those afforded Civil Service employees.

''Reasonable cause'' may include, but is not limited to, an indictment or circumstances attendant to an arrest or investigation conducted by the Department or criminal law enforcement authorities. The Board is substantially constrained in what it may review with respect to suspensions and enforced leave authorized by this amendment. The Board will not, for example, have the authority to review the merits of any security clearance revocation investigation, which triggers a suspension under this amendment. In reviewing any suspension or enforced leave under this amendment, it is the Department's expectation that the considerable body of law interpreting 5 U.S.C. sections 7512 and 7513 will guide the Board. Decisions as to whether or not to grant the employee back pay upon the resolution of the underlying matter will be at the discretion of the Department. Under no circumstance may the Board grant prescriptive relief with respect to an indefinite suspension or enforced leave.

SEC. 306. HOME LEAVE.

This section reduces the time period for eligibility for home leave from 18 to 12 months. In addition, this amendment provides that members may take authorized rest and recuperation travel under section 4081(6) even if they take accrued, unused home leave authorized by this amendment. This would ensure that eligibility for R&R would not be affected if someone took home leave while on other travel to the United States.

The effect of these two amendments will be to facilitate members to take home leave during tours of duty (including at R&R posts) rather than at the end of their tours of duty as is the Department's current practice. The Department does not plan, however, to change its current policies related to the authorization of home leave travel, i.e., that members take home leave normally at the end of a two-year tour or at the midpoint of a four-year tour. This amendment simply provides some flexibility.

SEC. 307. OMBUDSMAN FOR THE DEPARTMENT OF STATE.

In section 172 of the Foreign Relations Authorization Act, FY 1988 and 1989 (P.L. 100–204), the Congress expressed its objective that the contributions of Civil Service employees to the Department of State would not be overlooked and would be adequately protected. It therefore established an Ombudsman for Civil Service Employees in the Office of the Secretary. This section is intended to enhance the responsibilities of the Ombudsman to better serve the Department's mission.

This provision further ensures that the Ombudsman would continue to report directly to the Secretary, and will have the ability to participate in meetings regarding management of the Department in order to be able to protect the interests of all Department employees.

SEC. 308. REPEAL OF RECERTIFICATION REQUIREMENT FOR SENIOR FOREIGN SERVICE.

This section repeals the provision in the Foreign Service Act that requires the Secretary to establish a recertification requirement for members of the Senior Foreign Service (SFS) that is equivalent to the recertification process for the Senior Executive Service (SES).

In section 1321 of the Homeland Security Act of 2002 (P.L. 107–296), the Congress repealed the recertification 14 requirements for SES employees contained in title 5 of the United States Code. The rationale was that these periodic recertification requirements for the SES did not serve a useful purpose. We believe the same rationale applies to the SFS.

TITLE IV—INTERNATIONAL ORGANIZATIONS

SEC. 401 RAISING THE CAP ON PEACEKEEPING CONTRIBUTIONS.

This provision would set at 27.1% for calendar years 2004 and 2005 the cap on UN peacekeeping assessments. This would allow the United States to pay its peacekeeping assessment in full in 2004 and 2005. This provision will allow us to avoid accruing future peacekeeping arrears.

TITLE V—SUPPORTING THE WAR ON TERRORISM

SEC. 501. DESIGNATION OF FOREIGN TERRORIST ORGANIZATIONS.

Overview: This section amends section 219 of the Immigration and Nationality Act (''INA'') (8 U.S.C. 1189), authorizing the Secretary of State, in consultation with the Attorney General and the Secretary of the Treasury (the ''Secretary''), to designate foreign terrorist organizations (''FTOs''), in order to improve the statutory designation procedures. It eliminates the statute's redesignation provision, requiring the Secretary instead to review FTO designations regularly, and it adds a procedure for amending designations.

Amending the Redesignation Requirement: The Duration of Designation provision removes the requirement for the Secretary to redesignate FTOs every two years for designations to remain in effect. It permits an FTO designation to remain in effect until it is revoked by an Act of Congress or by the Secretary or set aside by the United States Court of Appeals for the District of Columbia Circuit.

The Review of Designation upon Petition provision requires the Secretary to review the designation of an FTO if a designated organization petitions the Secretary for revocation once two years have elapsed from the date of its designation. It also requires such review if an organization files another petition once two years have elapsed from the date of its last petition. This provision requires the Secretary to issue a determination on a petition for revocation within 180 days. It also permits an organization to petition for judicial review of the Secretary's determination within 30 days after that determination is published in the Federal Register.

The Other Review of Designation provision requires the Secretary to review the designation of each FTO at least once every four years in order to determine whether it should be revoked, even if the organization does not submit a petition for revocation. Absent such a petition, this automatic review would be completed according to procedures to be developed by the Secretary, and there would be no judicial review. This periodic review is intended as an 17 automatic check on the continued vitality of a designation, even in the absence of a petition for revocation by the designated organization.

With 36 FTOs designated as of March 2003, and others on the way to designation, the demands that the current statutory requirement to redesignate organizations every two years imposes on the interagency counterterrorism workforce are great. Each redesignation requires an interagency review process and preparation of an administrative record that can take months. The time demands associated with proving repeatedly

that terrorist groups have retained their character as terrorists significantly drain resources from other pressing counterterrorism work, including the pursuit of additional designations pursuant to section 219 of the INA, section 212(a)(3)(B) of the INA (8 U.S.C. 1182) (designation of terrorist organizations for immigration purposes), and Executive Order 13224 (terrorist financing).

The proposed changes would streamline the current procedures and permit a more effective use of USG resources, while ensuring that the Secretary would regularly review an organization's designation to determine if it should be revoked. The terrorist threat we face has increased greatly since section 219 was enacted in 1996, and now more than ever, the USG needs to marshal its counterterrorism resources as efficiently as possible.

Aliases: Section 219 does not contain any explicit statutory authority or guidance for making additional alias designations after an organization is designated as an FTO. In designating FTOs, the Secretary of State routinely lists the names of the designated entities together with their aliases, a practice that has been upheld by the United States Court of Appeals for the District of Columbia Circuit. Recently, certain groups that have been designated as FTOs have changed their names in an effort to evade asset freezing and other consequences of designation. Some FTOs have dissolved and reconstituted themselves under a different name or names, or merged with other organizations, even while retaining the capability and intent to engage in terrorist activity or terrorism. The difficulty of identifying all of an organization's aliases also can slow down the process of designating an organization as an FTO, creating unnecessary delays that weaken an otherwise powerful tool for combating international terrorism.

This section would enhance the effectiveness and efficiency of the designation process by adding explicit, streamlined procedures for adding new aliases to an underlying designation. It would allow the Secretary, or the Secretary's designee if the Secretary subsequently delegates that authority, to amend the existing administrative record for an organization's designation, rather than requiring the Secretary to create an additional administrative record in support of the amendment.

This section would require the Secretary of State (or the Secretary's designee if the Secretary delegates that authority) to make amendments in consultation with the Attorney General and the Secretary of the Treasury (or their designees if they delegate that authority), ensuring that amendments reflect the expertise of Justice and Treasury. Because it is a criminal offence to provide material support or resources to a designated FTO, and because of the asset blocking consequences of FTO designation, it is important that designations be made in consultation with Justice and Treasury. An organization covered by any such amendment also would have the ability to seek judicial review of the amendment or submit a petition to the Secretary for revocation of an amendment.

TITLE VI—SECURITY ASSISTANCE

SEC. 601. RESTRICTIONS ON ECONOMIC SUPPORT FUNDS (ESF) FOR LEBANON.

The annual restriction that $10M of the ESF designated for Lebanon be withheld from central government until the President certifies their armed forces effectively assert authority over Lebanon's southern border accomplishes little beyond reducing the amount of ESF available to that country. Since none of our ESF assistance monies go directly to the government, but rather to NGOs, this restriction serves neither as a carrot nor a stick from the perspective of the Lebanese government. Rather, this provision restricts our ability to promote democracy and economic development precisely when we have a strong interest in helping Lebanon rebuild its institutions. We believe that using this money in water projects in southern Lebanon will help defuse Lebanese-Israeli tensions and would directly support USG efforts to assure careful management of scarce water resources. Amending this section to allow this funding to be used for water projects would provide more transparency to Lebanese water management and thereby more comfort to Israel, than would be done by keeping this funding in escrow.

SEC. 602. THRESHOLDS FOR CONGRESSIONAL NOTIFICATION OF FMS AND COMMERCIAL ARMS TRANSFERS.

This section reflects the need for meaningfully increasing the congressional notification thresholds for arms sales and exports beyond the relatively modest increases for NATO and Japan, Australia and New Zealand enacted in section 1404 of the FY 2003 Foreign Relations Authorization Act. These recent increases will only minimally reduce the number of congressional notifications required and will, therefore, result in the continued notification of what are often rather insignificant sales of defense articles or services, particularly since the recent threshold increases apply to so few countries.

The proposed revision would in effect repeal the modest increases enacted last year and substitute in their place new notification thresholds for defense sales and exports applicable to all countries as follows: $100,000,000 for Major Defense Equipment; $200,000,000 for other defense articles and services; and, $500,000,000 for design and construction services, sold via Foreign Military Sales. The Administration plans to enhance its process for consultation on cases of lesser value that may nonetheless be sensitive in order to ensure an opportunity for Congressional input and oversight. In that regard, the Administration would be prepared to an exchange of letters with the chairs and ranking members of the SFRC and the HIRC, indicating that we would notify cases of concern to the committees even though they might be of a lesser value than the higher thresholds proposed by in this amendment.

SEC. 603. BILATERAL AGREEMENT REQUIREMENTS RELATING TO LICENSING OF DEFENSE EXPORTS.

The Security Assistance Act of 2000 converted into a legal requirement the policy which set as a prerequisite for a foreign country qualifying for a country exemption from defense export licensing that the country have entered into a binding bilateral agreement committing it to apply specific defense export controls comparable to those of the United States. Fundamental differences between U.S. law and the legal regimes of the two countries with which the U.S. commenced negotiations in July 2000, Australia and the U.K., have proven that the specific commitments required by the law are in many instances too strict or specific, making it very difficult, if not impossible, to conclude an agreement that will satisfy all the Act's requirements.

To overcome this undue constraint on the President's otherwise extremely flexible authorities to control commercial defense trade, it is imperative, at very least, that appropriate legislative relief be provided. The amendment would allow the President to waive any of the law's specific requirements for the agreement. This would give the Administration, in this case the State Department, latitude to conclude the best agreements that are achievable, and that represent in its judgment sufficient significant improvements in a country's defense export regulatory regime so as to justify extending an exemption from U.S. defense export licensing requirements. A second proposed revision would narrow the scope of the commitments required of a foreign country, to comport more with reasonable expectations that a country would be 21 required to apply its enhanced defense export controls mainly to U.S. origin defense items that are exempt from U.S. licensing, which are harder to keep track of, versus those items in that country that are subject to U.S. licenses.

SEC. 604. AUTHORIZATION OF APPROPRIATIONS.

Subsection (a) authorizes $4,414,000,000 for fiscal year 2004 and such sums as may be necessary for fiscal year 2005 for Foreign Military Financing (''FMF'').

Subsection (b) authorizes $91,700,000 for fiscal year 2004 and such sums as may be necessary for Fiscal Year 2005 for the International Military Education and Training (IMET) program. This requested level of funding for 2004 is an increase of $6,700,000 over the Congress' authorization of appropriations for fiscal year 2003 and reflects the Administration's strong support for the IMET program.

Subsection (c) authorizes $385,200,000 for fiscal year 2004 and such sums as may be necessary for fiscal year 2005 for ''Nonproliferation, Anti-Terrorism, Demining, and Related Programs.''

SEC. 605. COOPERATIVE THREAT REDUCTION PERMANENT WAIVER.

This section provides a permanent annual waiver for the restrictions contained in subsection (d) of 22 U.S.C. 5952 and the requirements of section 502 of the Freedom Support Act (Public Law 102–511). Section 1306 of the National Defense Authorization Act for FY 2003 (Public Law 107–314) provided authorization for an annual waiver only for Fiscal Years 2003 through 2005. This permanent annual waiver would ensure continuity for program planning purposes.

SEC. 606. CONGRESSIONAL NOTIFICATION FOR COMPREHENSIVE DEFENSE EXPORT AUTHORIZATION.

This provision amends section 36(d) of the Arms Export Control Act to require congressional defense export notifications for comprehensive defense export authorizations. Specifically, the existing procedures for such notifications of commercial defense exports applicable under section 36(c) shall now apply in the case of comprehensive defense export authorizations set forth in section 126.14 of the International Traffic in Arms Regulations where the estimated total value of the transfers anticipated at the time of application meets the value thresholds of subsection (c) (1). The amendment addresses a Congressional concern that the congressional notification provided by the Administration for the Global Project Authorization, a type of comprehensive defense export authorization provided for in the above mentioned regulation, may not have necessarily been viewed to be covered by section 36(c), despite the willingnesss to provide such notification. This amendment will clarify that such notifications are to be provided, pursuant to the statute.

SEC. 607. EXPANSION OF AUTHORITIES FOR LOAN OF MATERIAL, SUPPLIES, AND EQUIPMENT FOR RESEARCH AND DEVELOPMENT PURPOSES.

The amendment would expand the scope of the authority under section 65 of the Arms Export Control Act to loan items for cooperative research and development beyond the current NATO and major non-NATO ally recipients to include ''friendly foreign countries'' as that term is used in section 27(j)(2) of the Act. It would permit the loan authority to be used in a manner that corresponds

to that for the countries with which cooperative activities may be conducted under section 27.

SEC. 608. ESTABLISH DOLLAR THRESHOLD FOR CONGRESSIONAL NOTIFICATION OF EXCESS DEFENSE ARTICLES THAT ARE SIGNIFICANT MILITARY EQUIPMENT.

This proposal seeks to establish the same dollar limit for advance notification to Congress for all excess defense articles. Currently, Congress requires advance notification of all transfers of excess defense articles that are Significant Military Equipment (SME), whereas Congress only receives advance notification for those transfers of other excess defense articles valued at $7 million or more. SME are articles for which special export controls are warranted because of their capacity for substantial military utility of capability. This proposal would apply the $7 million advance notice threshold to transfers of all excess defense 23 articles, including SME. This would reduce the number of congressional notifications sent annually to Congress.

SEC. 609. WAIVER OF NET PROCEEDS RESULTING FROM DISPOSAL OF U.S. DEFENSE ARTICLES PROVIDED TO A FOREIGN COUNTRY ON A GRANT BASIS.

This proposal allows the President to waive the requirement that net proceeds resulting from the disposal of defense articles provided to a foreign country on a grant basis be paid to the United States. Existing law limits the waiver authority to items delivered before 1985. This proposal supports the goal of reducing the volume of defense articles worldwide, and reduces the potential that Defense articles inadvertently may fall into the hands of parties hostile to the United States. This legislation would retain the requirement that the net proceeds greater than 5 percent of the original acquisition value needs to be paid to the United States Government, absent a Presidential determination that a waiver is in the national interest of the United States.

SEC. 610. TRANSFER OF CERTAIN OBSOLETE OR SURPLUS DEFENSE ARTICLES IN THE WAR RESERVE STOCKPILES FOR ALLIES TO ISRAEL.

This proposal provides the United States increased authority to transfer obsolete or surplus defense items to Israel, in exchange for concessions to be negotiated by the Secretary of Defense. Section 514 of the Foreign Assistance Act (FAA) of 1961 (22 U.S.C. 2321h) provides that defense articles included in DoD War Reserve Stocks (WRS) be transferred to foreign governments only through Foreign Military Sales (where the foreign government buys the articles) or through grant military assistance (where the value of the article is counted against military assistance appropriations provided for the recipient country). The DoD maintains a WRS stockpile in Israel. This is a separate stockpile of U.S.-owned munitions and equipment set aside, reserved, or intended for use as war reserve stocks by the U.S. and which may be transferred to the Government of Israel in an emergency, subject to reimbursement. The DoD now seeks authority from Congress to transfer to Israel certain of these WRS stocks to Israel. In return for transferring these stocks to Israel, the U.S. would negotiate equivalent value concessions from the Government of Israel. This initiative is not without precedent. During 1995–96 pursuant to section 509 of the FY94/FY95 Foreign Relations Authorization Act (P.L. 103–236), the U.S. Government provided $66.62M (fair market value) of WRS equipment to the Republic of Korea (ROK) for equivalent value concessions. This proposal would allow the U.S. to receive fair market value consideration, relieve the U.S. Government of storage and other stockpile maintenance costs, and avoid millions in cost to demilitarize, destroy, or retrograde munitions and equipment back to the U.S.

SEC. 611. ADDITIONS TO U.S. WAR RESERVE STOCKPILES FOR ALLIES.

This proposal would allow the United States to transfer excess items to the DoD War Reserve Stock in Israel. Section 514(a) of the Foreign Assistance Act (FAA) of 1961, provides for DoD War Reserve Stockpiles in a host country that remain the property of the U.S. government. These stockpiles enable equipment and supplies to be prepositioned in key parts of the world to enhance U.S. and host country defense readiness. DoD maintains a War Reserve Stockpile in Israel that directly supports the U.S. European Command's strategy for the defense of Israel. This proposal is necessary to allow the U.S. to transfer excess items to the War Reserve Stockpile in Israel. The transfer allows excess assets to remain under U.S. title but shifts the costs for maintenance, storage, transportation, and demilitarization of the excess munitions to Israel. By agreement with Israel, the U.S. does not pay for the storage, maintenance, transport, and warehousing of assets designated as War Reserve Stockpile, although the assets remain under U.S. title.

SEC. 612. PROVISION OF CATALOGING DATA AND SERVICES.

The United States provides cataloging data and services to the North Atlantic Treaty Organization (NATO) and member governments on a reciprocal basis. The United States also provides such services to several non-NATO countries, such as Australia and New Zealand, but on a reimbursable basis under foreign military sales. There are instances when the interests of the United States would best be served if such data and services could be provided to a non-NATO country under a reciprocal agreement. This section would authorize 25 the President to provide such services to non-NATO countries on a reciprocal basis.

For almost 50 years, the NATO Codification System, which is based on United States standards for naming, describing and numbering items of supply, has served as the cornerstone for interoperability between the United States and its NATO allies. Many non-NATO countries that participate in joint exercises and deployments with the United States have adopted the NATO Codification System. Facilitating the provision of United States cataloging data for materials produced in the United States has been and continues to be in the Nation's strategic interest. This is especially true in light of contingency operations that have and may be initiated in the war on terrorism.

SEC. 613. PROVISION TO EXERCISE WAIVERS WITH RESPECT TO PAKISTAN.

This amending legislation would extend the authority contained in P.L. 107–57 to make inapplicable for FY 2004 foreign assistance restrictions relating to coups with respect to Pakistan and. would waive for FY 2005 any coup restrictions applicable in that year so long as the President exercised that authority prior to October 1, 2005, the amended and extended date of expiration of this amendment. It would also make inapplicable foreign assistance restrictions relating to debt with respect to Pakistan through fiscal year 2005. With respect to missile sanctions, the amendment would extend the authority of current law waiving the notification period for a missile sanction waiver with respect to any sanctions imposed on foreign persons in Pakistan. It would also continue the reduced notification period for drawdowns and transfer of excess defense articles.

The coup waiver of section 508 of the Foreign Operations Appropriations Act in Section 1 is most critical for Pakistan. Section 1(b)(1), as amended, would legislatively extend the authority to waive coup-related sanctions for Pakistan for FY 2004 and FY 2005—the President has waived the sanction for FY 2003 under the current authority. Five (5) days advance notice to Congress required under P.L 107–57 is continued. Section 2, as amended, would waive the requirement for a 45 day advance notification to Congress prior to waiving the missile 26 sanctions imposed on Pakistan pursuant to section 73 of the AECA with respect to any such sanctions imposed on foreign persons in Pakistan (versus waiving only with respect to those sanctions imposed prior to January 1, 2001, which would have already expired in any event). Section 3 exempts Pakistan from foreign assistance prohibitions in section 512 of the Foreign Operations Appropriations Act relating to loan defaults by foreign nations and similar restrictions contained in the Foreign Assistance Act through fiscal year 2005, the period through which the exemptions or waiver authority with respect to the coup sanctions would be extended by these amendments.

TITLE VII—INTERNATIONAL PARENTAL CHILD ABDUCTION PREVENTION ACT OF 2003

General: The International Parental Child Abduction Prevention Act of 2003 would amend Section 212(a)(10)(C) of the Immigration and Nationality Act (INA) and is proposed to provide additional tools to deter international parental child abduction and/or wrongful retention, and to create incentives for the return of children abducted from or wrongfully retained outside the United States by their foreign national parent or others., This measure's efficacy in particular cases of international child abduction will necessarily depend in large part on the degree to which the taking parent and/or their family members desire to travel to the United States and apply for a visa. Unlike legislation proposed last year in the Government Reform Committee, this measure would not adversely affect the lives or travel of innocent adult American citizens. This legislation also seeks. to avoid certain counterproductive definitional difficulties from which the earlier proposals suffered, while achieving many of the same results intended.

Section 702(a)(3). This provision would expand the range of persons who could be designated inadmissible by the Secretary of State in international child abduction and wrongful retention cases, even though those individuals were not culpable in the abduction or wrongful retention. This would be accomplished by amending existing subclause (III) of INA 212(a)(10)(C)(ii) to include a wider range of persons who could be designated inadmissible based on their familial connections to an abducting alien.

Sections 702(a)(4) and (5). This language specifies the circumstances under which inadmissibility based on any one of subclauses I, II, or III of INA 212(a)(10)(C)(ii) will terminate. It also makes a purely technical amendment to clarify that the concluding clause of (C)(ii) is the operative provision for subclauses (C)(ii)(I), (II), and (III). As originally enacted, the concluding clause is erroneously printed as if it were part of subclause (III), when it in fact clearly applies to each of subclauses (I)–(III). Finally, the concluding clause is amended to provide that inadmissibility based on (C)(ii) would terminate with the return of the abducted child or the child's attainment of age 21.

Section 702(b). This would create new subsections (iv)-(vii). Subsection (iv) would (1) make explicit the Secretary of State's authority to cancel designations of inadmissibility applicable to relatives of abductors,

and (2) make clear that inadmissibility pursuant to subclauses (I) and (II) (which is not discretionary) will expire only on occurrence of the events specified in INA 212(a)(10)(C)(ii) (the return of the abducted child or the child reaching age 21). These amendments will maximize the leverage available to the Department when inadmissibility is used to encourage relatives to place pressure on abductors for the return of abducted children.

New subsection (v) would require the Department of State to identify the persons potentially inadmissible under clause (ii) of INA 212(a)(10)(C) .

New subsection (vi) would require the Department to enter the names of persons inadmissible or potentially inadmissible for a visa under subsections (i) or (ii) of INA 212(a)(10)(C) into the visa lookout system. Together these requirements would codify what the Department does through its intake procedures to ensure that individuals who may be inadmissible under the provisions of subsections (C)(i) and (ii) are identified and that their names are entered into the visa lookout system.

New subsection (vii) defines ''child'' in a way that is not inconsistent with the word's meaning throughout the INA while taking account of concerns about abducted or wrongfully retained children who marry at very young ages, often against their will. The definition proposed seeks to avoid the unintended consequences of potential alternatives. For example, H.R. 5715, introduced last session, would have effectively created a class of permanent children for purposes of the visa ineligibility laws, frustrating the Department's efforts to promote reconciliation and contact within what are often multinational families. The effect of the definition proposed in H.R. 5715 would have been to compromise the rights normally accorded adult U.S. citizens to travel while doing little to promote the return of abducted or wrongfully removed children. This subsection also changes the definition of ''sibling'' to include step- and half-siblings.

Section 702(c). Finally, this Title includes a requirement that the Department of State report to Congress annually for five years with a description of the operation of 212(a)(10)(C), including data on the number of visas denied and names entered into the visa lookout system on the basis of the statute. The report will provide Congress with information useful to its ongoing communication with the Department about the effectiveness of efforts to deter international parental child abductions and to promote the return of abducted and wrongfully retained American children to the United States.

TITLE VIII—MISCELLANEOUS PROVISIONS

Subtitle A—Streamlining Reporting Requirements

SEC. 801. REPORTS ON BENCHMARKS FOR BOSNIA.

This section would eliminate reporting requirements on progress toward achieving the benchmarks for a sustainable peace process in Bosnia that must be done as long as U.S. ground combat forces continue to participate in the SFOR. Significant reductions in U.S. and allied troops have continued regularly since 1998. Regular briefings to congressional staff (and Members, as desired) are sufficient to address continuing concerns. This is a very timeconsuming report for the Departments of State and Defense.

SEC. 802. REPORT CONCERNING THE GERMAN FOUNDATION "REMEMBRANCE, RESPONSBILITY, AND THE FUTURE."

This section would repeal this semi-annual report required by section 704 of the FY 2003 Foreign Relations Authorization Act. The State Department, in particular the office of the Special Envoy on Holocaust Issues, offers regular formal and informal briefings to Members and staff on this issue. This report duplicates the information conveyed at these briefings. Moreover, we have no authority to require the ''Eagleburger Commission'' (the International Commission on Holocaust Era Insurance Claims, or ICHEIC) or the Conference on Jewish Material Claims against Germany to supply the data needed for this report.

SEC. 803. REPORT ON PROGRESS IN CYPRUS.

This report is currently due every two months. This section would change it to a semi-annual requirement. The Administration is in regular contact with Congress on the Cyprus situation. Generally, the situation does not change rapidly in two months. If it did, the Administration would brief Congress immediately.

SEC. 804. REPORTS ON ACTIVITIES IN COLOMBIA.

This section repeals the two reports required by section 694 of the FY 2003 Authorization Act (P.L. 107–228).

Section 694(a) requires the Secretary, not later than 180 days after the enactment of the Foreign Relations Authorization Act, Fiscal Year 2003, and annually thereafter to report to Congress on the status of activities funded or authorized, in whole or in part, by the Department or the Department of Defense in Colombia to promote alternative development, recovery and resettlement of internally displaced persons, judicial reform, the peace process, and human rights. This report duplicates material from a number of other reports on Colombia:

USAID includes much of the information that Section 694(a) requires in the Congressional Budget Justification it submits annually. For each program area, USAID provides progress on implementation.

Although it does not specifically address U.S.-funded activities, the Department's annual Country Reports on Human Rights Practices contain detailed information concerning human rights and internally displaced persons in Colombia.

Although not specifically required to report on internally displaced persons, judicial reform, the peace process, and general human rights matters, a number of other reports typically include information on these issues:

Pursuant to section 564(c) of the FY 2003 Foreign Operations, Export Financing, and Related Programs Appropriations Act (P.L. 108–7), the Secretary is required to submit two reports and certifications to Congress in conjunction with the obligation of funds for the Colombian Armed Forces describing actions taken by the Colombian Armed Forces to meet the human rights conditions on the provision of assistance in section 564(a).

Pursuant to section 3204(e) of the Military Construction Appropriations Act, 2001 (P.L. 106–246), the President is required to report to Congress semiannually through Fiscal Year 2005 on costs incurred by any department, agency, or other entity of the executive branch during the two previous quarters in support of Plan Colombia. Each of those reports includes information on subobligations of funds by the Department of State in support of Plan Colombia.

Pursuant to section 3204(f) of P.L. 106–246, the President provides a bimonthly, classified report to Congress on the aggregate number, locations, activities, and lengths of assignments for all U.S. military personnel and U.S. individuals civilians retained as contractors involved in the antinarcotics campaign in Colombia. These reports include certain information on contract personnel who are participating in U.S.-funded efforts to promote alternative development, recovery and resettlement of internally displaced persons, judicial reform, the peace process, or human rights.

Finally, it is burdensome and inefficient to require the Department of State to report on activities of the Department of Defense.

Section 694(b) requires an annual report on the activities of U.S. businesses that have entered into agreements in the previous 12–month period with the Departments of State or Defense to carry our counternarcotics activities in Colombia. Information responding to some of the information sought in this report is available in the classified report we submit to the Congress bimonthly pursuant to section 3204(f) of P.L. 106–246. We also cannot easily track and report on DOD's contract activities.

We are also concerned that recurrent, public reporting of the names of businesses under contract to the Department of State to support counternarcotics activities is likely to increase the security risks to these businesses and their employees both in Colombia and the United States. The Department finances contracts for counternarcotics support in Colombia expressly because the Colombian National Police cannot meet the need for all services. P.L. 106–246, as amended by the FY 2002 Foreign Operations Act (P.L. 107–115), already provides limitations on the numbers of U.S. contract personnel permitted in Colombia in support of counternarcotics programs. Moreover, the Department is making every effort to minimize the number of U.S. citizen personnel employed by its contractors. The U.S. Embassy in Colombia continually assesses the potential for U.S. businesses to be involved in hostilities, and the risks to personal safety of their personnel. These risks vary widely from day to day and week to week. A report at any given moment in time would not have general applicability.

SEC. 805. REPORT ON EXTRADITION OF NARCOTICS TRAFFICKERS.

This section repeals Section 3203 of the 2001 Military Construction Appropriations Act. This section requires the Secretary of State to report biannually during the period Plan Colombia resources are made available on extradition of narcotics traffickers from any country receiving assistance in support of Plan Colombia from the U.S. This reporting requirement is burdensome and duplicative of other required reports. For instance, section 696 of the FY 2003 Foreign Relations Authorization Act requires the Secretary of State to submit a report on extradition practice between the United States and governments of all foreign countries with which the United States has an extradition relationship that contains numerous similar requirements. This section 696 report includes: an aggregate list, by country, of the number of extradition requests made by the United States to that country in 2002; the number of fugitives extradited by that country to the United States in 2002; an aggregate list, by country, of the number of extradition requests made by that country to the United States in 2002 and the number of fugitives extradited by the United States to that country in 2002; any other relevant information regarding difficulties the United States has experienced in obtaining the extradition of fugitives; and a summary of the Department's efforts in 2002 to negotiate new or revised extradition treaties and its agenda for such negotiations in 2003. Additionally, the Department's annual International Narcotics Control Strategy Report also contains certain information about extradition from countries worldwide with which we have extradition treaties in force. We would also be happy to brief members of Congress or their staffs on any issues of particular concern.

SEC. 806. REPORT ON TERRORIST ACTIVITY IN WHICH UNITED STATES CIVILIANS WERE KILLED AND RELATED MATTERS.

This section would eliminate this semi-annual report. The information is already available elsewhere: the Americans killed overseas in terrorist attacks are prominently listed in the Introduction to the Department's annual Patterns of Global Terrorism report to Congress, and the names are available on the State Department's Rewards for Justice web-site. PLO activities are also covered in the semi-annual PLO Compliance with Obligations Under the Oslo Accords Report. Moreover, the names and details of Americans killed overseas in terrorist attacks are well covered in the press. The separate compilation and preparation of a report specifically on American casualties diverts scarce manpower resources from other activities to fight terrorism.

SEC. 807. REPORT AND WAIVER REGARDING EMBASSY IN JERUSALEM.

This section would make the waiver and accompanying report an annual, rather than semi-annual, requirement. The Jerusalem Embassy Act prohibits obligation of more than our annual overseas building acquisition and maintenance appropriation unless the Secretary reports to Congress that we have opened an embassy in Jerusalem. This prohibition may be waived for successive six-month periods on ''national security interest'' grounds; each waiver must be accompanied by a report detailing progress made during the preceding six months on moving our embassy to Jerusalem. Although the reports have not significantly varied from one another, they still require a significant amount of work to draft and clear.

SEC. 808. REPORT ON PROGRESS TOWARD REGIONAL NONPROLIFERATION.

This section repeals section 620F(c) of the Foreign Assistance Act of 1961 which addresses efforts made by the United States to achieve regional agreement on nuclear nonproliferation in South Asia and a list of obstacles to such an agreement. The report is duplicative, since South Asia nonproliferation issues are covered extensively in other classified and unclassified reports by State and the CIA. For example, India and Pakistan are included in the major nonproliferation report done annually pursuant to section 1308 of the FY 2003 Foreign Relations Authorization Act and in the CIA's annual ''721 Report'' on proliferation activities.

SEC. 809. REPORT ON ANNUAL ESTIMATE AND JUSTIFICATION FOR SALES PROGRAM.

Section 25(a) requires the President to submit a report to the SFRC, HIRC, and the House and Senate Appropriations Committees by February 1 of each year listing all FMS and commercial sales of military hardware anticipated in the coming year. Preparation of this report is extremely labor-intensive, as security assistance officers at U.S. embassies around the world must begin compiling data in October. Unfortunately, while this report grows in size and complexity each year, its value and utility are increasingly questionable. Since the report includes *all possible* U.S. sales of military equipment (760 in 2002) and has a dollar threshold for reporting sales that is half that required for congressional notification of actual sales, it includes a large number of potential sales that are too minor to have genuine military significance, or, in fact, never materialize. In recent years, less than 20% of the entries on the report (58 pages long in 2002) result in actual sales during the reporting year. It is also redundant as a reporting channel. The congressional committees that receive this report also receive similar data for FMS sales on a quarterly basis from reports provided under DSCA under section 36(a)(6) of the AECA which cover all projected FMS sales through the end of the year. Furthermore, prenotification consultations assure that congressional staff are advised of potentially controversial transfers well in advance of formal notification.

SEC. 810. REPORT ON FOREIGN MILITARY TRAINING.

This section seeks to bring the military training report required by section 656 of the Foreign Assistance Act of 1961 into conformity with a very similar report required in the annual Foreign Operations Appropriation Acts (FOAA) and to eliminate those portions of the current section 656 requirement that make it necessary to classify major portions of the report. We intend to seek a similar amendment to the FOAA requirement.

To bring the section 656 requirement into conformity with that of the FOAA, this amendment ''excludes training provided through sales'' from the reporting requirement and changes the date upon which the report is due to the Congress from January 31 to March 1.

To eliminate the portions of the report that must be classified due to foreign policy or force protection reasons, this amendment would eliminate the requirement to report on projected training (i.e., ''training proposed for the current fiscal year''), training locations, the U.S. military units providing the training, and training provided through sales. With these changes, a completely unclassified report could be produced that would be accessible to a wider public audience.

SEC. 811. REPORT ON HUMAN RIGHTS VIOLATIONS BY IMET PARTICIPANTS.

This section would repeal the report on human rights required by section 549 of the Foreign Assistance Act of 1961 (added by section 1212 of the FY 2003 Foreign Relations Authorization Act). This report requires the Secretary of State to submit an annual report ''describing, to the extent practicable, any involvement of any foreign military or defense ministry civilian participant in . . . [the IMET program] in a violation of internationally recognized human rights.'' This provision sends the very dangerous signal that the USG will be tracking anyone enrolled in IMET thereafter. This will deter people from participating in IMET and, thus, damage U.S. national security interests. Moreover, while the Bureau of Democracy and Human Rights maintains data necessary to prepare the annual Human Rights Report, data is not systematically collected on individual human rights violators. As a result, if the department were required to report on human rights violators who attended IMET courses prior to the enactment of the Leahy Laws, we would be forced to rely on the records and memories of security assistance officers in U.S. embassies around the world which would likely be of uneven quality.

SEC. 812. REPORT ON DEVELOPMENT OF THE EUROPEAN SECURITY AND DEFENSE IDENTITY (ESDI) WITHIN THE NATO ALLIANCE.

The provision in section 1223 (22 U.S.C. 1928 note) requires the Secretary of Defense to provide Congress with various reports on the development of the European Security and Defense Identity (ESDI) within the NATO Alliance. The ESDI would enable the Western European Union, with the consent of the NATO Alliance, to assume the political control and strategic direction of specified NATO assets and capabilities. This report is obsolete and provides information of limited utility. The requested information is no longer relevant and does not reflect the shift in focus between the European Union and NATO.

SEC. 813. REPORT ON TRANSFERS OF MILITARY SENSITIVE TECHNOLOGY TO COUNTRIES AND ENTITIES OF CONCERN.

The provision in section 1402(b)(2) (22 U.S.C. 2778) requires the Secretary of Defense, in consultation with the Joint Chiefs of Staff and the Director of Central Intelligence, to provide Congress with an assessment of the cumulative impact of licenses granted by the U.S. for exports of technologies and technical information with potential military applications during the preceding 5-calendar year period on the military capabilities of such countries and entities, and countermeasures that may be necessary to overcome the use of such technologies and technical information. This report is redundant with reports already submitted to Congress by the Department of State, the Department of Commerce, and the Central Intelligence Agency.

Subtitle B—Other Matters

SEC. 814. NUCLEAR REPROCESSING TRANSFER WAIVER.

This section would amend section 102(a) of the Arms Export Control Act so as to permit Presidential waivers to be granted once again on a one-time, rather than fiscal year, basis. When the Nuclear Proliferation Prevention Act of 1994 (NPPA) folded section 670 of the Foreign Assistance Act (the so-called ''Glenn Amendment'', dealing with nuclear reprocessing transfers) into the Arms Export Control Act as a new section 102(a), the NPPA modified the waiver authority originally in section 670. This change eliminated the President's ability to grant one-time waivers from sanctions (cutoff of U.S. economic and military assistance) and replaced it with a requirement that any waivers may only be granted in the fiscal year to which they will apply. The ramifications of this change only became clear after there were real cases to deal with. Specifically, any country, having once been determined by President to have violated section 102(a), is placed in an enduring and unchangeable state of annual jeopardy of a U.S. aid cutoff. This is the case even where the activity that triggered the violation was subsequently terminated, the countries involved are not proliferation threats, and the U.S. is fully satisfied with these countries' current nuclear nonproliferation policies and practices. We do not believe that this was the intent of Congress when it made the waiver provision change.

The re-establishment of the authority for the President to grant one-time waivers under section 102(a) would not eliminate our nuclear nonproliferation leverage under this section since the President has the authority to impose sanctions should any resumed or new activities occur. More importantly, the processing of annual waivers from section 102(a) sanctions for situations long since satisfactorily resolved is not a constructive use of this and future Presidents' time and has a continuing potential to be an irritant to our relations with these countries. The President has no authority to put this situation to rest once and for all absent a change in the law to allow, once again, one-time waivers for Glenn Amendment violations.

SEC. 815. COMPLEX FOREIGN CONTINGENCIES.

This section authorizes the President to provide assistance to quickly and effectively respond to or prevent unforeseen complex foreign crises. This authority will be used to provide assistance for a range of foreign assistance activities, including support for peace and humanitarian intervention operations to prevent or to respond to foreign territorial disputes, armed ethnic and civil conflicts that pose threats to regional and international peace, and acts of ethnic cleansing, mass killing or genocide. Use of this authority will require a determination

by the President that a complex emergency exists and that it is in the national interest to furnish assistance in response. These authorities will not be used to fund assistance activities in response to natural disasters because existing contingency funding is available for that purpose. This section authorizes appropriation of such sums as may be necessary.

DEPARTMENT OF STATE,
Washington, DC, April 2, 2003.

Hon. RICHARD G. LUGAR,
Chairman, Committee on Foreign Relations, U.S. Senate.

DEAR MR. CHAIRMAN: I am pleased to transmit proposed legislation to authorize appropriations for the Department of State to carry out its authorities and responsibilities in the conduct of foreign affairs for fiscal years 2004 and 2005.

The attached FY 2004–2005 Foreign Relations Authorization Bill also contains provisions related to Department of State authorities and activities, organization and personnel, international organizations, security assistance, child abduction prevention, and other miscellaneous provisions.

Key sections for the Department, in addition to the FY 2004–2005 authorization of appropriations, would raise the peacekeeping assessment cap, provide for a permanent annual CTR waiver, and provide for greater flexibility in our administration of security assistance. Also included is an emergency fund for complex foreign crises which may be important to operations in Iraq.

Title VII of the proposed legislation, the International Parental Child Abduction Prevention Act of 2003, is designed to deter international abductions and unlawful retentions and pressure an abductor to return a child to the parent with lawful custody. This could provide an important new lever in addressing child abductions worldwide.

The FY 2004 Budget contains the first step toward a capital security cost sharing program that will ensure that all agencies and departments pay a fair share of the cost of new, secure diplomatic and consular facilities. The full program implementation is now under development, and a legislative proposal may be forwarded at a later date. Other provisions may be submitted in the near future in a supplemental package. The Office of Management and Budget advises that there is no objection to the submission of this proposed legislation to the Congress and that its enactment would be in accord with the President's program.

We look forward to working with the Committee on this important legislation.

Sincerely,

PAUL V. KELLY,
Assistant Secretary, Legislative Affairs.

SUBMITTED RESOLUTIONS

SENATE RESOLUTION 104—COMMENDING THE UNIVERSITY OF MINNESOTA DULUTH BULLDOGS FOR WINNING THE 2002–2003 NATIONAL COLLEGIATE ATHLETIC ASSOCIATION DIVISION I NATIONAL COLLEGIATE WOMEN'S ICE HOCKEY CHAMPIONSHIP

Mr. DAYTON (for himself and Mr. COLEMAN) submitted the following resolution; which was considered and agreed to:

S. RES. 104

Whereas on Sunday, March 23, 2003, the two-time defending NCAA National Collegiate Women's Ice Hockey Champions, the University of Minnesota Duluth Bulldogs, won the National Championship for the third straight year;

Whereas Minnesota Duluth defeated Harvard University in double overtime of the championship game by the score of 4–3, having defeated Dartmouth College 5–2 in the semifinal;

Whereas sophomore Nora Tallus scored the game-winning goal in the second overtime, assisted by Erika Holst and Joanne Eustace;

Whereas during the 2002–2003 season, the Bulldogs won an impressive 31 games, while losing only 3 and tying 2;

Whereas forwards Jenny Potter, Hanne Sikio, and Caroline Ouellette were selected to the 2003 All-Tournament team, and Caroline Ouellette was named the tournament's Most Valuable Player;

Whereas the Bulldogs were the only team in the country to earn a berth to the National Collegiate Women's Ice Hockey Championship Tournament in every year of its existence;

Whereas junior forward Jenny Potter was a top-three finalist for the Patty Kazmaier Memorial Award, given annually to the most outstanding player in women's collegiate varsity ice hockey, and was named to the Jofa Women's University Division Ice Hockey All-American first team;

Whereas senior forward Maria Rooth, for the fourth time, was a top-ten finalist for the Patty Kazmaier Memorial Award and was named to the Jofa Women's University Division Ice Hockey All-American second team;

Whereas seniors Jenny Hempel, Erika Holst, Joanne Eustace, Hanne Sikio, Navada Russell, Michelle McAteer, Patricia Sautter, and Maria Rooth made lasting contributions to the University of Minnesota Duluth Bulldogs women's ice hockey program;

Whereas Minnesota Duluth Head Coach Shannon Miller, after winning the National Championship in 3 consecutive years, has been named a finalist for the 2002–2003 Women's Ice Hockey University Division Coach of the Year Award; and

Whereas all of the team's players showed tremendous dedication throughout the season toward the goal of winning the National Championship: Now, therefore, be it

Resolved, That the Senate—

(1) commends the University of Minnesota Duluth Women's Ice Hockey Team for winning the 2003 NCAA Division I National Collegiate Women's Ice Hockey Championship;

(2) recognizes the achievements of all of the team's players, coaches, and support staff, and invites them to the United States Capitol Building to be honored;

(3) requests that the President recognize the achievements of the University of Minnesota Duluth Women's Ice Hockey Team, and invite them to the White House for an appropriate ceremony honoring a national championship team; and

(4) directs the Secretary of the Senate to make available enrolled copies of this Resolution to the University of Minnesota Duluth for appropriate display, and to transmit an enrolled copy of this Resolution to every coach and member of the 2003 NCAA Division I National Collegiate Women's Ice Hockey Championship Team.

AMENDMENTS SUBMITTED & PROPOSED

SA 471. Mr. ALLEN (for himself, Mr. HARKIN, and Mr. HOLLINGS) submitted an amendment intended to be proposed by him to the bill S. 762, making supplemental appropriations to support Department of Defense operations in Iraq, Department of Homeland Security, and Related Efforts for the fiscal year ending September 30, 2003, and for other purposes; which was ordered to lie on the table.

SA 472. Mrs. BOXER (for herself, Mr. SCHUMER, and Mr. KENNEDY) proposed an amendment to the bill S. 762, supra.

SA 473. Mr. ENSIGN submitted an amendment intended to be proposed by him to the bill S. 762, supra; which was ordered to lie on the table.

SA 474. Mr. BAYH (for himself, Mr. NELSON of Nebraska, Mr. SCHUMER, Ms. STABENOW, Mrs. CLINTON, Ms. MIKULSKI, and Mr. KENNEDY) proposed an amendment to the bill S. 762, supra.

SA 475. Mr. EDWARDS submitted an amendment intended to be proposed by him to the bill S. 762, supra; which was ordered to lie on the table.

SA 476. Mr. HOLLINGS submitted an amendment intended to be proposed by him to the bill S. 762, supra; which was ordered to lie on the table.

SA 477. Mr. HOLLINGS submitted an amendment intended to be proposed by him to the bill S. 762, supra; which was ordered to lie on the table.

SA 478. Mr. HOLLINGS submitted an amendment intended to be proposed by him to the bill S. 762, supra; which was ordered to lie on the table.

SA 479. Mr. HOLLINGS (for himself and Mr. BYRD) proposed an amendment to the bill S. 762, supra.

SA 480. Mr. MCCONNELL submitted an amendment intended to be proposed by him to the bill S. 762, supra; which was ordered to lie on the table.

SA 481. Mr. MCCAIN (for himself and Mr. KYL) proposed an amendment to the bill S. 762, supra.

SA 482. Mrs. MURRAY submitted an amendment intended to be proposed by her to the bill S. 762, supra; which was ordered to lie on the table.

SA 483. Ms. MURKOWSKI submitted an amendment intended to be proposed by her to the bill S. 762, supra; which was ordered to lie on the table.

SA 484. Mr. EDWARDS submitted an amendment intended to be proposed by him to the bill S. 762, supra; which was ordered to lie on the table.

SA 485. Mrs. CLINTON (for herself and Mr. LEAHY) submitted an amendment intended to be proposed by her to the bill S. 762, supra; which was ordered to lie on the table.

SA 486. Mr. SARBANES (for himself and Ms. MIKULSKI) submitted an amendment intended to be proposed by him to the bill S. 762, supra; which was ordered to lie on the table.

SA 487. Mrs. CLINTON (for herself and Mr. KENNEDY) submitted an amendment intended to be proposed by her to the bill S. 762, supra; which was ordered to lie on the table.

SA 488. Mr. ENSIGN proposed an amendment to the bill S. 762, supra.

SA 489. Mr. BOND submitted an amendment intended to be proposed by him to the bill S. 762, supra; which was ordered to lie on the table.

SA 490. Mr. REID (for himself and Mr. DOMENICI) submitted an amendment intended to be proposed by him to the bill S. 762, supra; which was ordered to lie on the table.

SA 491. Mrs. CLINTON (for herself and Mr. LEAHY) submitted an amendment intended to be proposed by her to the bill S. 762, supra; which was ordered to lie on the table.

SA 492. Mr. LEAHY submitted an amendment intended to be proposed by him to the bill S. 762, supra; which was ordered to lie on the table.

SA 493. Mr. LAUTENBERG submitted an amendment intended to be proposed by him